

**Nordex SE**  
**Company Report**

January 22, 2018

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## FORWARD-LOOKING STATEMENTS

This Company Report includes forward-looking statements. These forward looking statements can be identified by the use of forward looking terminology, including the terms “believes,” “estimates,” “aims,” “targets,” “anticipates,” “expects,” “intends,” “may,” “will” or “should” or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this Company Report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition, liquidity and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this Company Report. In addition, even if our results of operations, financial condition, liquidity and the development of the industry in which we operate are consistent with the forward-looking statements contained in this Company Report, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause those differences include:

- our industry is subject to a changing regulatory environment relating to renewable energy sources;
- risks of changing policies regarding auctions;
- falling order volumes in our largest market, Germany;
- a significant drop in the price of energy is likely to reduce margins and our CoE reduction initiatives may not be successful;
- construction of wind turbines and wind farms may incur delays;
- technical deficiencies in our wind turbine systems and warranty claims or other defect liability claims arising from them;
- the sale of Services and renewal rate of service contracts may change in the future;
- currency fluctuations may have a substantial adverse impact on turnover and profit trends as well as our competitiveness;
- we could be required to repay certain subsidies if certain conditions are not met;
- our international operations subject us to risk, including emerging market risk, exchange rate fluctuations and controls, regulatory risks and geopolitical risks;
- compliance with and amendments to health, safety and environment laws and regulations;
- we may not be able to obtain or maintain adequate insurance cover;
- business or relationship interruptions with our external suppliers;
- default on the part of third party suppliers may adversely impact our ability to fulfil our own customer orders;
- we are exposed to a risk of additional costs from a potential increase in prices of components and construction materials;
- delivery failures or delays in our transport and logistics system could adversely impact our operations;
- disruptions may occur in our manufacturing and production facilities, resulting in product delivery delays;
- our risk management policies and procedures may not be fully effective in mitigating our risk exposure;
- our order book and order intake are not necessarily indicative of actual or future sales due to possible cancellations, delays or scope adjustments of projects;
- sales volumes are difficult to predict;
- our customers may terminate our contracts under certain circumstances;
- credit risk in relation to payments by our customers;
- our capital expenditure plans are subject to change and other risks and may not yield the benefits intended;

- our development of the Delta4000 platform and further developments of existing system types may fail, incur delays or higher costs or perform poorly on the market;
- our development of new products might not be successful, may fail to deliver the expected returns, may be delayed and/or may incur higher than expected costs;
- inability to implement our planned improvements successfully and achieve our anticipated cost savings;
- inability to hire, retain, and motivate our personnel;
- strikes, work stoppages or increased wage demands by our employees or other disputes with our employees;
- tax risks, in particular as a result of changes in tax law or its interpretation and application or as a result of tax audits;
- restrictions of the deduction of interest expenses under German tax laws, which may prevent us from fully deducting interest expenses on our financial liabilities;
- failure to keep our technical knowledge confidential and protect our intellectual property could impact our business;
- infringement of third party intellectual property rights;
- failure, or technical faults in our IT systems;
- potential claims and litigation brought against us;
- our CEO is a subject in the investigation by a Spanish judge into the alleged misappropriation of trade secrets following a criminal complaint by Inneo Torres;
- risks associated with arrangements with joint venture partners;
- high competition in the market for onshore wind turbines;
- competition from alternative renewable energy sources and new technological innovations in the renewable energy sector;
- intermittent availability of wind energy as a source of electricity and risk of substitution;
- if the costs of generating energy from other sources of energy were reduced, this may entail a significant competitive disadvantage for wind energy generation;
- the demand for wind energy is dependent on economic conditions;
- volatility and instability in global capital and credit markets as well as significant developments in macroeconomic and political conditions;
- the highly regulated nature of the construction of wind turbines;
- the ability of our customers to obtain commercially viable financing for new wind energy projects;
- opposition from local communities and other parties to construction and operation of wind energy projects;
- risks relating to operating wind turbine systems on property owned by third parties;
- our ability to connect to power grids; and
- other risks related to our indebtedness.

We urge you to read the sections of this Company Report entitled “*Risk Factors*,” “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*,” “*Industry*” and “*Business*” for a more detailed discussion of the factors that could affect our future performance and the industry in which we operate. In light of these risks, uncertainties and assumptions, the forward looking events described in this Company Report may not occur. New risks can emerge from time to time, and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. In addition, we have not presented all of the industry and market information from available industry publications and third party reports, and certain of these sources estimate less favorable industry and market conditions in the future than have been estimated in this Company Report. Accordingly, you should not place undue reliance on these forward-looking statements, which speak only as of the date on which the statements were made.

We undertake no obligation, and do not expect, to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Company Report.

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### Financial statements

We present and discuss in this Company Report (i) certain consolidated financial information of Nordex SE as of and for the financial years ended December 31, 2016, 2015 and 2014, and for the nine months ended September 30, 2017 and 2016 and (ii) certain *pro forma* financial information as of and for the financial years ended December 31, 2016 and 2015, and for the nine months ended September 30, 2016.

Where financial information in this Company Report is labeled as “unaudited”, this means that such information has not been taken from the Audited Consolidated Financial Statements (as defined below), but taken from Nordex’s internal accounting records or management reporting systems, or has been calculated on the basis of figures taken from the above mentioned sources, unless otherwise indicated.

Some financial information and percentages in this Company Report have been rounded and, as a result, the figures shown as totals in this Company Report may vary slightly from the exact arithmetic aggregation of the figures that precede them. All financial information in this Company Report is presented in euro (“EUR”). With respect to financial information set out in of this Company Report, a dash (“—”) signifies that the relevant figure is not available, while a zero (“0”) signifies that the relevant figure is available but has been rounded to zero.

### *Nordex financials*

The consolidated financial information of Nordex as of and for the financial years ended December 31, 2016, 2015 and 2014, are taken or derived from the audited consolidated financial statements of Nordex as of and for the financial years ended December 31, 2016, 2015 and 2014 (the “**2016 Audited Consolidated Financial Statements**”, “**2015 Audited Consolidated Financial Statements**” and “**2014 Audited Consolidated Financial Statements**”, respectively) each including prior year comparative figures (together, the “**Audited Consolidated Financial Statements**”), as well as Nordex’s internal accounting records or management reporting systems. The consolidated financial information as of and for the financial year ended December 31, 2014 has been derived from the comparative figures included in the 2015 Audited Consolidated Financial Statements. This financial information deviates from the financial information included in the 2014 Audited Consolidated Financial Statements due to changes made in accordance with IAS 8. For further information please refer to the notes to the 2015 Audited Consolidated Financial Statements, included elsewhere in this Company Report. The Audited Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union (“**IFRS**”).

The consolidated financial information of Nordex as of and for the nine months ended September 30, 2017 is taken or derived from Nordex’s unaudited interim condensed consolidated financial statements as of and for the nine months ended September 30, 2017 (including comparative figures for the nine months ended September 30, 2016) (the “**Unaudited Interim Condensed Consolidated Financial Statements**” and, together with the Audited Consolidated Financial Statements, the “**Consolidated Financial Statements**”), Nordex’s accounting records or its management reporting. The Unaudited Interim Condensed Consolidated Financial Statements were prepared by Nordex in accordance with the International Accounting Standard (“**IAS**”) 34: Interim Financial Reporting, as adopted by the EU (“**IAS 34**”).

The unaudited financial information for the twelve months ended September 30, 2017 included in this Company Report is based on the Consolidated Financial Statements and is calculated by taking the results of operations for the nine months ended September 30, 2017 (as shown in the Unaudited Interim Condensed Consolidated Financial Statements) and adding the results of operations for the year ended December 31, 2016 (as shown in the 2016 Audited Consolidated Financial Statements) and subtracting the results of operations for the nine months ended September 30, 2016 (as shown in the Unaudited Interim Condensed Consolidated Financial Statements). The unaudited financial information for the twelve months ended September 30, 2017 contains non-IFRS financial measures which is not required by or presented in accordance with IFRS or any other accounting principles and has been prepared for illustrative purposes only.

### *AWP financials*

The consolidated financial information of Corporación Acciona Windpower, S.L. (“**AWP**”) as of and for the financial year ended December 31, 2015, are taken or derived from the Spanish language audited consolidated financial statements of AWP as of and for the financial year ended December 31, 2015 (*Estados Financieros*

*Consolidados a 31 de Diciembre de 2015*) (the “**AWP Spanish Language 2015 Audited Consolidated Financial Statements**”) including prior year comparative figures which have been prepared in Spanish and translated into English, as well as AWP’s internal accounting records or management reporting systems. The AWP Spanish Language 2015 Audited Consolidated Financial Statements have been prepared in accordance with the IFRS.

The consolidated financial information of AWP as of and for the three months ended March 31, 2016 is taken or derived from AWP’s unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2016 (the “**AWP Unaudited Interim Condensed Consolidated Financial Statements**”), AWP’s accounting records or its management reporting. The AWP Unaudited Interim Condensed Consolidated Financial Statements were prepared by AWP in accordance with the IAS 34.

#### ***2016 unaudited pro forma financial information***

The 2016 *pro forma* financial information of Nordex SE has been prepared to show the material effects of our merger with AWP (the “**AWP Merger**”) for the financial year ended December 31, 2016 and the nine-month period ended September 30, 2016. Investors should refer to the financial information provided in “*2016 Unaudited Pro Forma Financial Information*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*.” The unaudited *pro forma* consolidated financial information for the periods January 1, 2016 to December 31, 2016 and January 1, 2016 to September 30, 2016 has been compiled based on:

- the Unaudited Interim Condensed Consolidated Financial Statements;
- the 2016 Audited Consolidated Financial Statements of Nordex SE; and
- the AWP Unaudited Interim Condensed Consolidated Financial Statements.

In this Company Report, the 2016 *pro forma* financial information has been derived from the unaudited *pro forma* consolidated income statements of Nordex for the financial year ended December 31, 2016 (the “**2016 Pro Forma Financial Information**”) and other unaudited consolidated financial information prepared on a *pro forma* basis.

The 2016 *Pro Forma* Financial Information is presented for information purposes only and is only meaningful in conjunction with the 2016 Audited Consolidated Financial Statements. The 2016 *Pro Forma* Financial Information describes only a hypothetical situation and thus, due to its nature, does not purport to represent what our results of operations or other financial information actually would have been had the AWP Merger occurred on January 1, 2016, or any other date, and such data does not purport to project our results of operations for a future period. The 2016 *Pro Forma* Financial Information has been prepared for informational purposes only and has not been prepared in accordance with Regulation S-X of the U.S. Securities Act, any other U.S. regulatory requirements or any U.S. generally accepted accounting standards. The 2016 *Pro Forma* Financial Information has been prepared in accordance with the principles of the Institut der Wirtschaftsprüfer in Deutschland e.V. (“**IDW**”) in accordance with IDW AcPS AAB 1.004.

#### ***2015 unaudited pro forma financial information***

The 2015 *pro forma* financial information of Nordex SE has been prepared to show the material effects of the AWP Merger for the financial year ended December 31, 2015. Investors should refer to the financial information provided in “*2015 Unaudited Pro Forma Financial Information*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*.” The unaudited *pro forma* consolidated financial information for the period January 1, 2015 to December 31, 2015 has been compiled based on:

- the 2015 Audited Consolidated Financial Statements of Nordex SE; and
- the AWP Spanish Language 2015 Audited Consolidated Financial Statements.

In this Company Report, the 2015 *pro forma* financial information has been derived from the unaudited *pro forma* consolidated income statements of Nordex for the financial year ended December 31, 2015 (the “**2015 Pro Forma Financial Information**”, together with the 2016 *Pro Forma* Financial Information, the “**Pro Forma Financial Information**”) and other unaudited consolidated financial information prepared on a *pro forma* basis.

The 2015 *Pro Forma* Financial Information is presented for information purposes only and is only meaningful in conjunction with the 2015 Audited Consolidated Financial Statements. The 2015 *Pro Forma* Financial

Information describes only a hypothetical situation and thus, due to its nature, does not purport to represent what our results of operations or other financial information actually would have been had the AWP Merger occurred on January 1, 2015, or any other date, and such data does not purport to project our results of operations for a future period. The 2015 *Pro Forma* Financial Information has been prepared for informational purposes only and has not been prepared in accordance with Regulation S-X of the U.S. Securities Act, any other U.S. regulatory requirements or any U.S. generally accepted accounting standards. Furthermore, *pro forma* financial information usually covers only a current interim period and the last completed financial year, at most, whereas the *Pro Forma* Financial Information included in this Company Report presents the last two completed financial years of Nordex. The 2015 *Pro Forma* Financial Information has not been prepared in accordance with IDW AcPS AAB 1.004 or any other accounting standard as these are not applicable to *pro forma* financial information presented for a period older than the last completed financial year of Nordex such as the 2015 *Pro Forma* Financial Information.

### **Preliminary financial data under presentation of financial and other information**

The preliminary financial data included in this Company Report in connection with the outlook for the full year 2017 has been prepared by, and is the responsibility of, Nordex's management. Neither PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft nor KPMG Auditores, S.L. have audited, reviewed, compiled, or performed any procedures with respect to the preliminary financial data. Accordingly, neither PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft nor KPMG Auditores, S.L. express an opinion or any other form of assurance with respect thereto. There may be material differences between preliminary or estimated financial data set forth in this Company Report and actual results.

### **Other Financial Measures**

Certain financial information presented in this Company Report consists of non-IFRS financial measures. These are supplemental measures of our performance that are used for management purposes and should not be considered in isolation or as alternatives to result from operating activities, net result for the period or cash flow from operating activities or any other performance measure derived in accordance with IFRS. In addition, such measures as we define them may not be comparable to other similarly titled measures used by other companies.

These non-IFRS financial measures are defined as follows:

- “capital expenditures” is defined as cash payments for the purchase of property, plant and equipment and other long term assets and cash payments for the purchase of intangible assets;
- “EBIT” is defined as profit/loss for the period before income taxes and financial result;
- “EBITDA” is defined as profit/loss for the period before income taxes, interest result and depreciation and amortization;
- “EBITDA margin” is defined as EBITDA as a percentage of sales;
- “free cash flow” is defined as cash flow from operating activities plus cash flow from investing activities;
- “net working capital” is defined as the total of trade receivables, future receivables from construction contracts recognized in accordance with the percentage-of-completion method, and inventories, less trade payables and prepayments received;
- “order book” is defined as firm orders received from customers by means of a legally binding agreement after all necessary construction permits have been issued, a connection has been established with the grid or a grid-connection agreement has been signed, the customer has obtained the necessary finance and has remitted the agreed pre-payment as of the respective reporting dates;
- “order intake” is defined as firm orders received from customers by means of a legally binding agreement after all necessary construction permits have been issued, a connection has been established with the grid or a grid-connection agreement has been signed, the customer has obtained the necessary finance and has remitted the agreed pre-payment in a defined period; and
- “R&D capitalization rate” is calculated as capitalized R&D costs as a percentage of total R&D costs in any given reporting period.

We believe that the presentation of these non-IFRS financial measures facilitates an understanding of our underlying operating performance. Such measures are intended only to supplement performance indicators in



accordance with IFRS, and not to replace them. These non-IFRS financial measures should always be used together with the performance indicators provided for by IFRS, and not in isolation, because their ability to convey meaningful information is limited in various respects. Furthermore, not all companies may calculate the non-IFRS financial measures presented in this Company Report in the same manner or on a consistent basis, and, as a result, our presentation thereof may not be comparable to measures used by other companies under the same or similar names. You should not place undue reliance on any of such non-IFRS measures.

## **INDUSTRY AND MARKET INFORMATION**

We have obtained certain industry and market data in this Company Report from industry publications, publicly available reports of market participants and surveys or studies conducted by third party sources, including the following: Bloomberg New Energy Finance: Global Trends in Renewable Energy Investment (2017); Bloomberg New Energy Finance: LCOE and Asset Valuation H1 (2017); Bloomberg New Energy Finance: New Energy Outlook 2017; Bloomberg New Energy Finance: Renewable Energy Project database Bundesnetzagentur, 2017; European Commission, 2016; IEA Renewable Energy Policy Update, 2017; IRENA Renewable Energy Auctions, 2017; MAKE Q4/2017 Global Wind Power Market Outlook Update; Global Wind Energy Council (“GWEC”): GWEC: Global Wind Statistics 2013 (February 2014); GWEC: Global Wind Statistics 2014 (February 2015); GWEC: Global Wind Statistics 2015 (February 2016); GWEC: Global Wind Statistics 2016 (February 2017); REN21 Global Status Report, 2017; REN21 10 years of renewable energy progress, 2014; Reuters, 2017; U.S. EIA International Energy Outlook, 2017; and Wind Power Monthly, 2017.

We believe that these publications, reports, surveys and studies are reliable and are those typically used by wind turbine manufacturers. However, we cannot assure you of the accuracy and completeness of such information and we have not independently verified such information. In addition, none of the report providers or any other third parties have assumed responsibility for any of the information included in this Company Report. As a result, we make no representation or warranty as to the accuracy or completeness of this information.

In addition, in many cases we have made statements in this Company Report regarding our industry and our position in the industry based on our experience and our own investigation of market conditions. We cannot assure you that any of these assumptions are accurate or correctly reflect our position in the industry, and none of our internal information has been verified by any independent sources. In addition, some of the information herein has been extrapolated from third party sources using our experience and internal estimates.

Furthermore, we operate in a number of different market segments and it is difficult to obtain precise or current industry and market information on certain segments, which makes the available industry and market information in part incomplete or non-comparable. In those cases where there was no readily available or reliable external information to validate market related analyses or estimates, or where the data conflicted with other data or was non-comparable or internally inconsistent, statements regarding the industries in which we operate and our position in these industries are based solely on our experience, internal studies and estimates, and our own investigation of market conditions.

## CERTAIN DEFINITIONS USED IN THIS COMPANY REPORT

Unless indicated otherwise in this Company Report or the context requires otherwise:

- **“3 Year Floating Rate Schuldscheine”** refers to the Schuldscheindarlehen which mature in April 2019, as further described under *“Description of Certain Financing Arrangements—Schuldscheindarlehen”*;
- **“5 Year Floating Rate Schuldscheine”** refers to the Schuldscheindarlehen which mature in April 2021, as further described under *“Description of Certain Financing Arrangements—Schuldscheindarlehen”*;
- **“7 Year Floating Rate Schuldscheine”** refers to the Schuldscheindarlehen which mature in April 2023, as further described under *“Description of Certain Financing Arrangements—Schuldscheindarlehen”*;
- **“Acciona”** refers to Acciona S.A.;
- **“Amended MGF Agreement”** refers to the MGF agreement, amended on December 5, 2017, as further described under *“Description of Certain Financing Arrangements—Multicurrency Guarantee Facility Agreement”*;
- **“AWP”** refers to Corporación Acciona Windpower, S.L.;
- **“AWP Merger”** refers to the merger between Nordex SE and Corporación Acciona Windpower, S.L. completed in April 2016;
- **“CAGR”** refers to the compound annual growth rate;
- **“CoE”** refers to cost of energy;
- **“Company”** refers to Nordex SE;
- **“EIB Facility”** refers to the EUR 100 million facility as further described under *“Description of Certain Financing Arrangements—EIB Finance Contract”*;
- **“EIB Finance Contract”** refers to the EIB Facility agreement, as further described under *“Description of Certain Financing Arrangements—EIB Finance Contract”*;
- **“EU”** refers to the European Union;
- **“Existing MGF Agreement”** refers to the Multicurrency Guarantee Facility Agreement dated December 15, 2015 as further described under *“Description of Certain Financing Arrangements”*;
- **“euro”, “euros”, “€” or “EUR”** refers to the single currency of the Member States of the European Union participating in the third stage of the economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended or supplemented from time to time;
- **“Group”, “we,” “us” or “our”** refers to Nordex SE and its subsidiaries;
- **“Growth Markets”** refers to Saudi Arabia, Argentina, Romania, Spain, Jordan, Chile, Morocco, Poland, Sweden and Ukraine;
- **“GW”** refers to gigawatt;
- **“GWh”** refers to gigawatt hours;
- **“IEC”** refers to the International Electrotechnical Commission;
- **“IFRS”** refers to the International Financial Reporting Standards issued by the International Accounting Standards Board as adopted by the EU;
- **“Indian Rupees”** refers to the lawful currency of India;
- **“kWh”** refers to kilowatt hour;
- **“Levelized Cost of Energy” or “LCOE”** refers to the net present value of the unit-cost of electricity over the lifetime of the generating asset;
- **“MGF Agreement”** refers to the Multicurrency Guarantee Facility Agreement as further described under *“Description of Certain Financing Arrangements—Multicurrency Guarantee Facility Agreement”*;
- **“Multicurrency Guarantee Facility” and “MGF”** refers to the EUR 1,210 million multicurrency guarantee facility, as further described under *“Description of Certain Financing Arrangements—Multicurrency Guarantee Facility Agreement”*;
- **“MW”** refers to megawatt;
- **“MWh”** refers to megawatt hours;

- “**OECD**” refers to The Organisation for Economic Co-operation and Development;
- “**OEM**” means original equipment manufacturer;
- “**Reais**” refers to the lawful currency of Brazil;
- “**RON**” refers to the lawful currency of Romania;
- “**Schuldscheindarlehen**” refers to the multiple loan agreements providing for EUR 550 million entered into by Nordex SE as borrower and Nordex Energy GmbH as guarantor, as further described under “*Description of Certain Financing Arrangements—Schuldscheindarlehen*;”
- “**UK**” and “**United Kingdom**” refers to the United Kingdom of Great Britain and Northern Ireland;
- “**United States**” or “**U.S.**” refers to the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
- “**U.S. dollars**” and “**USD**” refers to the lawful currency of the United States;
- “**Volume Markets**” refers to the United States, Germany, India, Brazil, France, Turkey, Mexico, Spain, Australia and the United Kingdom.

## BUSINESS

### Overview

We are a leading, integrated global developer and manufacturer of wind turbine systems, specializing in onshore wind turbine systems in the 1.5 to 4.5 megawatts (“**MW**”) range. We offer wind turbine systems for a wide range of wind and climate conditions. We are active in approximately 50 countries, which cover approximately 88 per cent. of global markets for onshore wind turbine systems (excluding China). As of September 30, 2017, we had a cumulative installed capacity of approximately 22.4 gigawatts (“**GW**”) worldwide, with 15.2 GW (or 67.8 per cent. weighted by MW installed) of our installed fleet under service contracts. We are one of the top five manufacturers of onshore wind turbine systems with a global market share (excluding China) of 8.7 per cent. as of December 31, 2016 (*Source: MAKE Consulting Market Shares, 2016*).

In April 2016, Nordex completed the acquisition of Acciona S.A.’s wind power business by merging with Corporación Acciona Windpower, S.L. (“**AWP**”) (the “**AWP Merger**”). The resulting integration of complementary markets, customer bases and products has created a global platform in onshore wind. Nordex’s European market presence combined with AWP’s presence in the United States and emerging markets facilitates a broader global reach with which to service the small to medium-sized customer base of Nordex and larger utility customers of AWP. AWP’s focus on grid-constrained markets and concrete tower production enhances Nordex’s existing product focus on land-constrained markets and blade production. Our increased global footprint has enabled us to further expand our customer base, which includes eight out of the top ten global wind asset owners (excluding Chinese market participants).

We have a global production footprint with production facilities in Germany, Spain, Brazil, India and Denmark (representing our technology center for rotor blades). In addition to our own production sites, we use third-party production facilities for principal components in several countries which can be deployed on short notice to fulfil orders, including in China, India, Turkey and Brazil (for the production of blades) and Brazil, South Africa, Mexico, India and Chile (for the production of towers).

For the twelve months ended September 30, 2017, we generated sales of EUR 3,375.0 million, of which 60.1 per cent. (EUR 2,028.7 million), 19.0 per cent. (EUR 641.9 million), 14.9 per cent. (EUR 503.5 million) and 6.0 per cent. (EUR 200.9 million) were generated in Europe, North America, Latin America and rest of the world, respectively. For the twelve months ended September 30, 2017, we generated EUR 263.6 million EBITDA (7.8 per cent. EBITDA margin). As of September 30, 2017, our order book amounted to EUR 2,960.9 million.

Our business activities are comprised of the development and production of wind turbine systems and project development activities (together, “**Projects**”) and servicing activities (“**Services**”). Our Projects business involves the development and production of technology-focused wind turbine systems and project development activities. Our Services business involves providing operation and maintenance services across the entire life of wind projects, ranging from inspection and maintenance services, turbine condition monitoring to spare part deliveries and additional technical development services. We divide our business into four geographical regions: Europe, North America, Latin America and rest of the world.

### *Projects*

Sales generated from our Projects business comprised 91.2 per cent. (EUR 3,077.3 million) of our total consolidated sales in the twelve months ended September 30, 2017. We generated EUR 207.4 million EBITDA (6.7 per cent. EBITDA margin of Projects sales) from our Projects business during the same period. As of September 30, 2017, our Projects order book amounted to EUR 1,097.3 million.

Our Projects business comprises (i) the development, manufacturing, assembling and installation of wind turbine systems and (ii) the development of wind farm projects.

### *Wind turbine systems*

We develop, manufacture, assemble and install a wide range of wind turbine systems with rated energy outputs ranging from 1.5 to 4.5 MW and rotor diameters ranging from 70 to 149 meters, which provide solutions for projects in both grid-constrained and land-constrained markets. Wind turbine systems from our AW platform are optimized to meet the requirements of grid-constrained markets, while our Generation Delta platform is optimized to meet the requirements of land-constrained markets.

In September 2017, we launched our new Delta4000 platform pursuant to which we introduced the N149 turbine in the 4.0 - 4.5 MW range. We anticipate order intake during 2018 with installations to commence in 2019. The N149/4.0-4.5 – with hub heights ranging from between 105 to 164 meters and a rotor diameter of 149 meters – can be customized to match various site conditions and can, therefore, accommodate the requirements of both grid-constrained and land-constrained markets. In addition, we offer several tower variants, including steel towers, concrete towers and hybrid towers (steel and concrete) with hub heights ranging up to 164 meters.

We sell wind turbine systems to utility companies such as Enel Green Power, e.on, EDF and EDPR, independent power producers (“**IPPs**”) such as Acciona Energía, Engie, Exelon and Enbridge, financial investors and corporates such as Denham Capital, BlackRock, Actis, Allianz and IKEA and community wind farms (*Bürgerenergiegesellschaften*).

### *Project Development*

In our project development business, we develop and sell wind farm projects. Our project development activities include conducting feasibility studies, securing permits, land rights and power purchase agreements and arranging financing for the intended project. The primary purpose of our project development business is to utilize our in-house project development expertise to increase sales from our wind turbine systems.

In some cases, we develop project sites from the initial project stage (the “**greenfield approach**”), and, in others cases, we acquire existing projects and develop them further to a state where they can be sold (the “**brownfield approach**”). Our projects can be sold at various stages of the development process. Typically we sell at the ready-to-build stage. At times, we also sell at the ready-to-operate stage. The project contracts and permits are tied to the installation of our wind turbine systems, providing a natural sales channel for increased sales from our wind turbine systems and our related operation and maintenance services. Customers that have purchased projects developed by us include IKEA, Kallista and Allianz.

As of September 30, 2017, we had a dedicated project development team of 62 employees and our project development business accounted for approximately 900 MW of which approximately 80 per cent. has been realized in France. As of September 30, 2017, our project development pipeline comprises a further 2.4 GW, of which we expect approximately 600 MW to form part of our order intake by the end of 2020.

### *Services*

Sales generated from our Services business comprised 9.2 per cent. (EUR 310.4 million) of our total consolidated sales in the twelve months ended September 30, 2017. We generated EUR 56.2 million EBITDA (18.1 per cent. EBITDA margin of Services sales) from our Services business during the same period. As of September 30, 2017, our Services order book amounted to EUR 1,863.6 million.

Our Services business comprises the provision of an extensive range of operation maintenance services to onshore wind power system operators from a global service network of approximately 280 service points in 28 countries worldwide. The highly technical nature of wind turbine systems requires continuous maintenance in order to perform at optimal capacity for the duration of their lifetime. Our service contracts provide stable, predictable and “annuity-like” cash-flows in our business model. Our service contracts also have limited capital expenditure and research and development (“**R&D**”) requirements, allowing for high cash flow conversion.

As of September 30, 2017, we serviced approximately 15.2 GW (or approximately 67.8 per cent. weighted by MW installed) of our installed fleet. As of September 30, 2017, the average duration of our service contracts was 10.5 years and the remaining average term of our service contracts was 7.2 years. For the twelve months ended September 30, 2017, the renewal rate for our service contracts was 80 per cent. of contracts due for renewal during the same period.

As of September 30, 2017, 992 service contracts are in place, with utility companies such as Enel Green Power, e.on, EDF and EDPR, IPPs such as Acciona Energía, Actis, Engie, Exelon and Enbridge, financial investors and corporates such as Denham Capital, BlackRock, Actis, Allianz and IKEA and community wind farms (*Bürgerenergiegesellschaften*).

## Our Competitive Strengths

We believe that we have a number of core competitive strengths that enable us to compete effectively in our markets, including:

### *Well Positioned to Benefit from the Attractive Long-Term Wind Energy Market*

We expect to benefit from favorable long-term growth trends in onshore wind generated electricity. Net electricity generation is expected to grow by a total of 28 per cent. in OECD countries and 60 per cent. in non-OECD countries through 2040 compared to 2015 (*Source: U.S. EIA International Energy Outlook, 2017*).

Annual onshore wind installations are forecast to exhibit a CAGR of 4.7 per cent. from 2016 to 2035, compared to an average annual decline of 4.1 per cent. for conventional fossil fuel installations (*Source: Bloomberg New Energy Finance, New Energy Outlook 2017*). We believe this growth in onshore wind energy production is being driven by several factors, including: (i) increasingly competitive cost of energy (“**CoE**”) of wind energy, (ii) the need for replacement of conventional power plants, (iii) growing demand for wind energy in emerging markets, and (iv) the de-carbonization and need to reduce CO<sub>2</sub> emissions.

The current average cost of wind energy in certain areas represents one of the cheapest energy sources, reaching or nearing the wholesale price of purchasing power from the grid in certain countries (“**grid price parity**”) (*Source: REN21 Global Status Report, 2017*). For example, following the introduction by the German government of an auction-based mechanism, the price for wind power decreased significantly, with an average price of 38.2 EUR/MWh achieved in the third auction held in November 2017, compared to 42.8 EUR/MWh in the second auction held in August 2017, and 57.1 EUR/MWh in the first auction held in May 2017 (*Source: Bundesnetzagentur, 2017*).

As more markets in which we operate – such as Germany, Brazil, France, Spain and the United Kingdom – are moving away from the government incentivized subsidy schemes for renewable energy towards price based schemes (such as auctions), we believe that our CoE reduction program gives us a competitive strength. We believe a further declining CoE can be achieved through technological innovation and the creation of efficiencies in supply chains. We have implemented and maintain a CoE reduction program which targets the reduction of the average CoE of all wind turbine systems we produce by at least 18 per cent. between 2015 and 2018, reducing the reliance on government subsidies that have historically been used to set the price for wind power. Auction mechanisms mitigate exposure to shifts in government policy, laws and regulations, and prices and margins for wind energy will also need to adapt to auctions. As the cost of wind energy reaches grid price parity in certain markets in which we operate, our customers will continue to benefit from the CoE savings associated with our wind turbine systems.

### *Geographically Diversified across both Volume and Growth Markets*

Following the AWP Merger, we are active in approximately 88 per cent. of global markets for onshore wind turbine systems (excluding China). This includes being active in the top ten volume markets (by cumulative installed capacity between 2017-2020) (excluding China) and the top ten projected fastest-growing markets (by forecasted CAGR between 2017-2020).

These volume markets are comprised of the United States, Germany, India, Brazil, France, Turkey, Mexico, Spain, Australia and the United Kingdom (together, “**Volume Markets**”) and these growth markets are comprised of Saudi Arabia, Argentina, Romania, Spain, Jordan, Chile, Morocco, Poland, Sweden and Ukraine (together, “**Growth Markets**”) (*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update*). Our global footprint allows us to balance single-market risks and, at the same time, capitalize on new opportunities in key markets.

As of September 30, 2017, our cumulative installed capacity was 15.9 GW (or 71.0 per cent.) in Volume Markets and 3.0 GW (or 13.4 per cent.) in Growth Markets. As of September 30, 2017, our top five markets by cumulative installed capacity were Germany, the United States, Spain, France and Turkey, which represented 12.1 GW (or 54.2 per cent.) of our cumulative installed capacity worldwide.

Growth Markets tend to be grid-constrained markets and will generally be supplied with our AW-products, which have been tailored to meet the requirements of such markets. In December 2016, we continued to expand our presence in Argentina with two orders for our AW3000 turbine – 31 turbines for the “*La Castellana*” project



and 15 turbines for the Achiras wind farm. More recently, we continued to strengthen our position in Argentina with the 101 MW Pomona project, and have received recent orders to install 58 turbines (191.4 MW) in Spain and 9 turbines (32.4 MW) in Sweden.

In respect of Volume Markets, in the fourth quarter of 2017, we received orders for a combined total of 263 AW125/3000 and AW125/3150 turbines for projects in the United States, with an installed capacity of 820 MW. In 2017, we also received an order from one of our global key accounts – Acciona Energía – to supply 56 AW125/3000 turbines for the *El Cortijo* project in Mexico, a project with an installed capacity of 168 MW. This project is our fifth project in Mexico. Moreover, in 2017, we received orders for 65 and 22 AW125/3000 turbines for projects in Brazil (*Lagoa do Barro*) (195 MW) and Australia (Mount Gellibrand 2) (66 MW), respectively.

We believe that our 30-year operational and commercial experience, established brand, diverse product offering for grid-constrained and land-constrained markets and global sales and production footprint – which enables us to meet local content requirements in many of our markets – allow us to capitalize on growth in both Volume Markets and Growth Markets. Furthermore, we expect growth in the global onshore wind market to drive growth in our Services business.

### ***Significant Barriers to Entry in Our Industry***

We believe our industry is characterized by significant barriers to entry, including (i) the need for substantial R&D investment and technical expertise, (ii) the importance of possessing proven products and operational experience to assist our customers in raising financing to acquire our wind turbine systems and Services, (iii) the importance of long standing relationships with customers, (iv) the ability to meet complex and varied grid compliance codes as well as compliance with evolving technical and regulatory national regulations, and (v) the necessity of reaching a critical mass and a global footprint in order to retain access to robust supplier networks with proximity to customers and to retain a lean and flexible business model able to react quickly to changing market dynamics.

We have executed projects in different geographical locations and maintain close long-standing customer relationships with large utility companies, IPPs and financial investors such as Enel Green Power, e.on, Acciona Energía and Actis. Through our global footprint, we are well-positioned to meet the requirements of our global customer base through the full wind turbine life cycle. We have the ability to meet diverse grid requirements and comply with the constantly evolving national regulatory requirements in the markets in which we operate. We maintain a well-invested and flexible cost base and a comprehensive supplier network that is strategically located close to many of our projects and customers.

Most of our customers require bank financing to purchase our wind turbine systems. The ability of customers to obtain such financing depends, in part, on the willingness of banks and other financing institutions to provide loans, which in turn depends on the experience of the supplier. Our technological experience, good reputation and extensive service offering increase the ability of our customers to secure financing for their projects.

As a result of our R&D capability and the AWP Merger, we are able to offer a comprehensive portfolio of wind turbine systems suitable for low, medium and strong wind sites across both grid- and land-constrained markets, and a competitive pipeline of products. Moreover, our continuing success in CoE reduction, together with our technologically enhanced product portfolio and pipeline, ideally position us to respond to future market trends.

### ***Competitive and Complete Product Portfolio across Wind Classes***

We have approximately 22.4 GW of cumulative installed capacity worldwide as of September 30, 2017, consisting of a competitive and complete portfolio of wind turbine systems that incorporates advanced technology optimized for different wind speeds and locations. We are able to supply our customers with wind turbine systems for wind classes I, II and III. The nominal power output of our wind turbine systems ranges from 1.5 to 4.5 MW and rotor diameters range from 70 to 149 meters, which provide solutions for projects in both grid-constrained and land-constrained markets.

In September 2017, we launched our new Delta4000 platform pursuant to which we introduced the N149 turbine in the 4.0-4.5 MW class. We anticipate order intake during 2018 with installations to commence in 2019. The N149/4.0-4.5 can be customized to match various site conditions. We believe the addition of the N149/4.0-4.5 turbine to our product portfolio enhances our competitive position, particularly in the low wind class for land-constrained markets, because of its increased rotor blade diameter (one of the largest in the market among

turbines in the 4 MW class) and, the resulting, power generation capacity. We expect the average N149/4.0-4.5 turbine to achieve a double-digit percentage reduction in CoE compared to previous products in our portfolio. We believe the N149/4.0-4.5 is the quietest wind turbine system in the market among turbines in the 4 MW class, with a maximum sound power level between 103.6 dB(A) and 106.1 dB(A), and has a competitive operating life of up to 25 years.

We will initially focus on selling our N149/4.0-4.5 turbine in Germany and Sweden, both land-constrained markets, where we expect the high annual energy production and efficiency in low-to-medium wind speed sites of the N149/4.0-4.5 turbine to give us a key competitive advantage.

Moreover, in October 2017, we launched the 140 meter rotor variant of our AW3000 platform - the AW140/3000 turbine. Our AW140/3000 turbine is designed to achieve a high single-digit percentage reduction in average CoE, and we expect that the AW140/3000 turbine will be competitive in India and various grid-constrained markets.

In addition to our evolving product portfolio, we believe that our R&D capabilities allow us to rapidly upgrade our product platforms to respond to the needs of our customers and market trends, which allows us to remain competitive in between product cycles which generally last two to three years.

### ***High Visibility of Sales Driven by Strong and Transparent Order Book, Downstream Strategic Customer and Project Development Pipeline***

We have high visibility of future sales, with an order book that only includes unconditional orders. As of September 30, 2017, our order book amounted to EUR 2,960.9 million. Of this, EUR 1,097.3 million (or 37.1 per cent.) was attributable to our Projects business and EUR 1,863.6 million (or 62.9 per cent.) was attributable to our Services business. Generally, we expect our Projects order book to convert into sales within 9 to 16 months.

We benefit from close cooperation with our anchor shareholder, Acciona S.A., one of the largest Spanish conglomerates. Acciona S.A. and its subsidiaries have a pipeline of more than 2 GW for new turbine orders (*Source: Bloomberg New Energy Finance: Renewable Energy Project database*). Acciona Energía, a subsidiary of Acciona S.A., is focused on the development and management of industrial and renewable energy projects, and is one of our key customers. Through our strong relationship with Acciona S.A. and Acciona Energía – which, as of September 30, 2017, had an installed wind power capacity of approximately 7.3 GW (1,554 MW in the Americas, 5,279 MW in Europe, Middle East, Morocco and South Africa and 467 MW in India and Australia) (*Source: Acciona Energía*) - we are able to access, develop our footprint and benefit from the sale of wind turbine systems in Growth Markets, such as Argentina, as well as in Volume Markets such as Brazil, India and the United States.

In our project development business, the project contracts and permits associated with our wind farm projects sites are tied to the installation of our wind turbine systems, providing a natural sales channel for increased sales from our wind turbine systems and our related services. As of September 30, 2017, our project development business accounted for approximately 900 MW of installed capacity, with a project pipeline of approximately 2.4 GW, approximately 60 per cent. of which is located in France. Of the projects in the pipeline, approximately one-third are in the late stage of development, one-third are in the mid-stage of development (permitting process ongoing) and one-third are in the initial stage of development. Given the nature and lead-time of our project development business, our project development pipeline provides us with high visibility of revenue and EBITDA to be expected from the business.

### ***Increased Sales from Services Business provides Stable and Predictable High Cash Flow Conversion***

Our service contracts provide stable, predictable and “annuity-like” cash flows and have limited capital expenditure and R&D requirements, allowing for high cash flow conversion and margins. As of September 30, 2017, the average duration of our service contracts was 10.5 years and the remaining average term of our service contracts was 7.2 years, which we believe reflects the confidence of our customers in our business. For the twelve months ended September 30, 2017, the renewal rate for our service contracts was 80 per cent. of contracts due for renewal during the same period. Accordingly, there is high visibility of revenue and EBITDA to be expected from the Services business.

In the twelve months ended September 30, 2017, Services sales amounted to EUR 310.4 million (including the renewal or amendment of existing service contracts). We also generated EUR 56.2 million EBITDA (18.1 per cent. EBITDA margin of Service sales) from our Services business during the same period. As of September 30,



2017, our order book for Services was EUR 1,863.6 million, which represented a 17 per cent. increase in our order book for Services compared to September 30, 2016. We do not sell our wind turbine systems without a service contract or a warranty coverage contract.

As of September 30, 2017, we serviced approximately 15.2 GW (or approximately 67.8 per cent. weighted by MW installed) of our installed fleet, which provides us with an opportunity to strengthen relationships with our customers and demonstrate our technical know-how.

### ***Flexible and Asset-light Business Model***

We benefit from a flexible and “asset light” business model with limited vertical integration and a high proportion of variable costs, which helps us protect profitability and preserve cash flow generation in more challenging market dynamics.

We focus on our core competencies of wind turbine system R&D, production and assembly, project development and operation and maintenance, while outsourcing other parts of our value-chain to maintain an asset-light business model. This allows us to react quickly to changing market dynamics and keep control of our mission-critical components and processes, whilst maintaining a high proportion of variable costs. Through our global production footprint we are able to reduce complexity by consolidating global production facilities, generate synergy effects, benefit from scale, realize shorter production cycle times and save costs. Moreover, operational efficiencies allow us to adapt capacity to demand at short notice.

### ***Clear Road-map to achieve Efficiencies in the Management of Costs, Working Capital and Supply Chain***

We have taken measures to improve our cost base and working capital requirements, and we continue to implement changes to our supply chain. Our cost reduction measures principally involve structural changes to our operating expenses and headcount reduction in Europe, a consequence of volume reductions caused by the introduction of auctions in Germany, which has decreased our sales in the German market.

We are implementing a working capital program to improve our working capital requirements. The program is based on the pro-active management of our finished goods inventory, trade receivables and trade payables. With respect to our inventory, we have enhanced our supply chain flexibility and reduced our component and raw material inventory while optimizing the management of spare parts. We are improving our collection management and optimizing our contractual processes to manage our trade receivables, and we are in the process of implementing early payment reductions and enhancing supplier payment terms to manage our trade payables.

We continue to implement efficiency measures targeting savings in our supply chain. We have cultivated our current supplier base by reducing the number of suppliers we do business with and promoting joint Nordex and legacy AWP suppliers who meet our cost and quality requirements. We typically maintain a group between two and three suppliers for each of our components.

### ***Experienced Management Team with Extensive Knowledge of Wind Energy and Technology Supported by our Anchor Shareholder***

We benefit from our experienced and dedicated management team with approximately 45 years of combined wind energy expertise.

José Luis Blanco, our Chief Executive Officer, has over 20 years of experience in the wind industry, including senior management roles at Gamesa (prior to the merger with Siemens) and AWP. Christoph Burkhard, our Chief Financial Officer, has ten years of experience in the wind industry, including senior management roles at Siemens' wind power division, where he was the chief financial officer of the offshore wind unit. Patxi Landa, our Chief Sales Officer, has over 15 years of experience, including senior management roles in AWP and the Acciona S.A. group.

Our management team and its strategy are supported by our anchor shareholder, Acciona S.A. We consider Acciona Energía, a subsidiary of Acciona S.A., to be one of our most important customers.

## **Our Business Strategy**

Our key strategic goal is to advance further our competitive position and become one of the top four global manufacturers of wind turbine systems (excluding China). In order to achieve our goal, our strategy is based on the following pillars:

### ***Leverage Our Global Market Presence to Further Strengthen Our Position in Existing Markets***

Following the merger with AWP, we are active in approximately 88 per cent. of global markets for onshore wind turbine systems (excluding China). We aim to leverage our global footprint by expanding our dedicated key account management system for our global customers. In particular, we will use our position with our key accounts to increase our business in Growth Markets. Global customers are increasingly looking to partner with global suppliers that can serve them in all of their markets and to benefit from scale effects in order to reduce the overall turbine installation costs. As more markets shift towards auction-based systems, the key to succeeding in these auctions and, therefore increasing market share, is to offer the lowest CoE project coupled with the best aftermarket service offering. In light of these changes, we are refining our sales approach from “project selling” to “auction selling.” We consequently strive to partner with our trusted customers early in auction processes in an open, collaborative and integrated approach, for example by sharing technology insights and know-how with the goal of offering the lowest CoE. In addition, offering premium aftermarket services supports reduction of CoE and strengthens the customer relationship over the lifetime of the respective project.

In addition, through our in-house project development business, we have created an additional sales channel in selected markets. We continue to develop projects during different stages, from feasibility studies, securing land rights and permits as well as power purchase agreements and arranging financing. We strive to capitalize on our project development portfolio to further enhance our wind turbine system sales going forward.

### ***Develop a Comprehensive and CoE Optimized Product Portfolio***

We strive to systematically and comprehensively reduce CoE of our products. In our efforts to reduce CoE, we focus on all key elements of the wind turbine system as well as professional aftermarket services.

We aim to achieve a reduction in CoE by a further six per cent. by the end of 2018, representing an overall 18 per cent. reduction in average CoE since 2015. A key driver of the further reduction in CoE will be additional technological improvements in our product portfolio. For example, our N149/4.0-4.5 turbine has been designed to achieve double digit CoE reductions compared to the N131/3600 turbine and has a variable power output of 4.0 to 4.5 MW. We are committed to continuously invest into R&D and expect our R&D costs to remain at the current level, which were EUR 80.8 million for the twelve months ended September 30, 2017 (excluding EUR 149.3 million resulting from the first time consolidation of AWP in the financial year ended December 31, 2016).

Due to our extensive know-how and continuous development of new products we will be in a position to improve our existing product portfolio to meet the evolving technical requirements of our customers and the geographical markets where we operate. We aim to further build on our existing core competencies in the field of blade design and innovative tower solutions to differentiate our products from our competitors. Moreover, we are currently researching new growth areas, such as improved grid integration and battery energy storage systems.

### ***Transform our Supply Chain to Further Lower the Cost of Wind Turbine Systems***

Our supply chain consists of a strategic balance of in-house production and sourcing from third parties, resulting in limited vertical integration that permits us to manage our capital commitments and retain a flexible business model. This approach allows us to further optimize our third-party sourcing strategy while maintaining our asset-light business model. We aim to react more quickly to changing market dynamics while keeping control of our mission-critical components and processes which will help us improve our profitability and reduce our operational leverage.

To further improve our competitive position, we strive to lower the costs of our wind turbine systems by increasing the share of components we procure from low cost countries. We are implementing a “Smart Logistics” strategy, which aims to source completed sub-modules (such as the drive trains) at lowest cost without jeopardizing quality requirements. This will lead to a reduction of material and assembly costs through reducing procurement and logistic complexity for our global supply chain network.

### ***Continue to Focus on Operational Cost Efficiencies***

We are continuously identifying and implementing measures to reduce the costs of our products and services and improve the efficiency of our organization. For example, we continue to implement our cost efficiencies programs to cut costs by reducing our European headcount and improving our working capital requirements.

We are implementing the “45-by-18” program which targets a 24 per cent. reduction in European white-collar full-time employees by the end of 2018 compared to the beginning of this program in August 2017. Together with the structural changes to our operating cost base, we expect cost savings of EUR 45 million by the end of 2018 compared to our 2017 cost base. Sales force personnel and our dedicated aftermarket services key account managers will be excluded from these measures in order to support our top line sales growth.

We are actively improving our working capital management systems by implementing a number of measures, particularly in respect of improving the management of finished goods and collection. We are also working on early payment reductions and enhancing supplier payment terms to manage our trade receivables. In addition, with respect to our inventory, we are enhancing our supply chain flexibility and reducing our component and raw material inventory, while optimizing the management of spare parts. As a result of the implementation of these measures, we target an improvement in our working capital requirements of EUR 30 million by the end of 2017 and by an additional EUR 105 million by the end of 2018.

### ***Grow Sales from our Services Business***

We are committed to significantly expanding our Services business, which provides us with stable, predictable and “annuity-like” cash flows and which, because of its limited capital expenditure and R&D requirements, allows for high cash flow conversion. Our Services business comprises the provision of an extensive range of services to onshore wind power system operators from a global service network of approximately 280 service points in 28 countries worldwide.

In September 2017, we completed a strategic review of the services offered under our contracts. Following the AWP Merger, we had two separate services package portfolios for the respective customers. In order to capitalize on the growing services demand of our customers, we now aim to roll out our new service concept globally. In the future, we will be offering “premium,” “premium plus” and “premium light” service contracts. The “premium” service contract will include scheduled and unscheduled maintenance services, remote monitoring and an availability warranty. The “premium plus” contract will include the “premium” service entitlements, plus a production based warranty, while the “premium light” contract will exclude corrective maintenance for certain key wind turbine components and spare parts supply.

We believe that our focused aftermarket service and sales efforts, supported by our dedicated key account management system, which is focused on large utilities, IPPs and other important customers, such as financial investors, will allow us to reduce cost for our customers while improving our sales, profitability and capital allocation.

### ***Our Corporate History, Organization and Ownership***

Nordex A/S was first founded in Denmark in 1985 and in 1995 became the first company worldwide to produce a MW-class turbine. After establishing production operations in Germany in 1992 and following various corporate restructurings and name changes in preparation for the April 2001 initial public offering, the name was changed to Nordex AG. Our ordinary shares are listed on the Frankfurt Stock Exchange (and included in the German TecDAX). In May 2009, Nordex AG was converted into Nordex SE (*Societas Europaea*). On April 1, 2016, we merged with AWP, and we are headquartered in Hamburg, Germany.

Nordex SE is the strategic management holding company of the Group, providing management services in the areas of, among others, finance, IT, communications, legal and insurance matters and human resources to Group companies. Our operating business is principally carried out by our consolidated subsidiaries which provide sales and service functions in all of the markets in which we operate. Our Projects and Services businesses are divided into four geographical regions: Europe, North America, Latin America and rest of the world.

As of December 31, 2017, our free float was 64.4 per cent. and our principal strategic shareholders were Acciona S.A. (with a 29.9 per cent. shareholding) and Skion/Momentum (with a 5.7 per cent. shareholding). See “Principal Shareholders.” We had a market capitalization of EUR 860.2 million as of December 31, 2017.

## Projects

### Overview

Our wind turbine systems business comprises the development, manufacture, assembly and installation of a range of technology-focused wind turbine systems with rated outputs ranging from 1.5 to 4.5 MW and rotor diameters ranging from 70 to 149 meters.

We are active in approximately 50 countries and have installed approximately 22.4 GW worldwide as of September 30, 2017.

In our project development business, we develop and sell wind farm projects. Our project development activities include conducting feasibility studies, securing permits and land rights and arranging financing for the intended project. We are able to complete feasibility studies, including wind, soil and grid assessments at project sites, environmental impact assessments and site layout and design. We are also able to secure required permits and negotiate, among others, land rights, building permits, operating permits, grid connection and power purchase agreements. We also arrange financing for projects (debt and equity) and execute transactions of projects in-house.

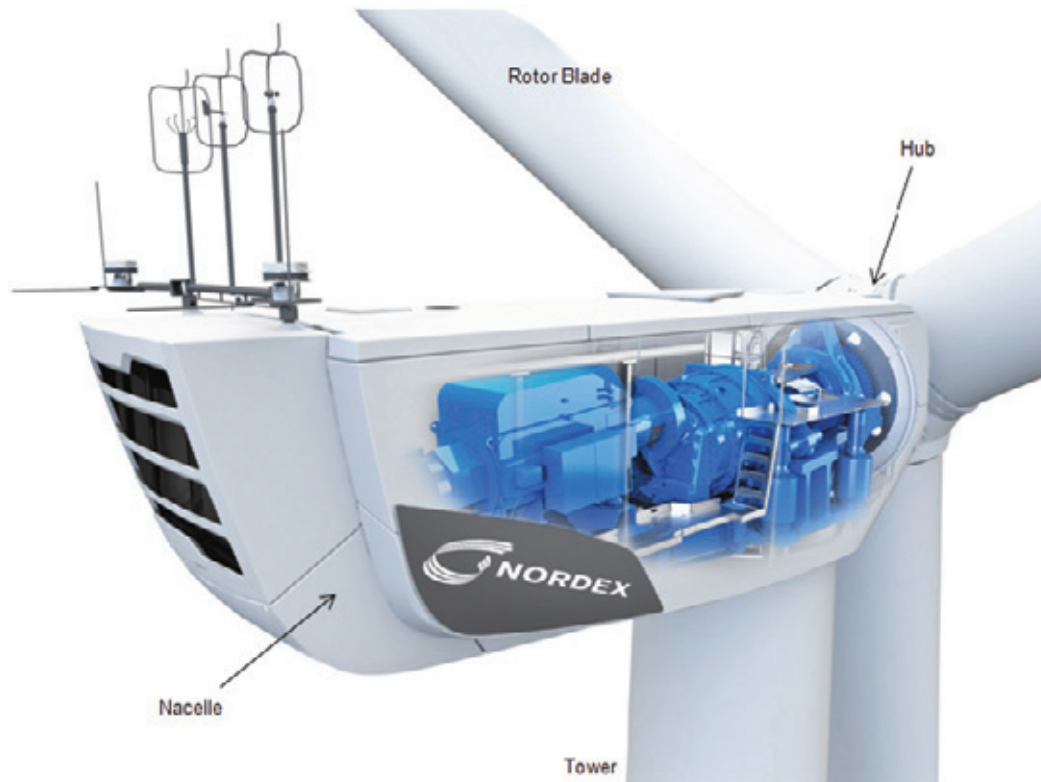
Sales generated from our Projects business comprised 91.2 per cent. (EUR 3,077.3 million) of our total consolidated sales in the twelve months ended September 30, 2017. We generated EUR 207.4 million EBITDA (6.7 per cent. EBITDA margin of Projects sales) from our Projects business during the same period. As of September 30, 2017, our Projects order book amounted to EUR 1,097.3 million.

### Wind Turbine Systems

Wind turbine systems are devices that transform the wind's kinetic energy, first into mechanical and subsequently into electrical energy. A wind turbine system is comprised of a set of three rotor blades, a hub, a nacelle and a tower, each of which is described below.

- *Rotor blades.* The rotor blades form the motor of the wind turbine system. The rotor blades collect the wind's kinetic energy and convert it into mechanical energy. The area swept by the rotor blades, their aerodynamic profile and the rotational speed are key factors that determine the power generation capacity of the wind turbine system.
- *Hub.* The hub consists of a hub housing and a pitch system. The blade mount of the hub housing is reinforced to enhance structural strength. The pitch system enables the regulation of the power output or capacity of the wind turbine system, which is achieved by mounting the rotor blades on the hub so that they can be rotated around their longitudinal axis, controlling aerodynamic properties and hence the capacity to capture energy according to the wind conditions. The electronic controls measure various operational parameters, such as wind speed, rotation speed, torque, the generator's power output and, through pitch regulation, adjust the angle of incidence of the rotor blades accordingly, allowing the wind turbine system to deliver the maximum possible energy output in all wind conditions.
- *Nacelle.* A nacelle is the housing that contains the essential mechanical and electrical parts of the wind turbine system, such as the drive train. The drive train is the unit comprising the rotor shaft, gearbox and generator. The generator placed at the end of the drive train converts the mechanical energy of the rotor blades into electrical power. The wind turbine system's gearbox serves to translate a slow rotation speed of the hub into a fast rotation speed as input to the generator. This enables turbines with a compact and cost-efficient generator design.
- *Tower.* A tower is the component upon which the nacelle sits, and is made of steel, concrete or a hybrid of both. High loads resulting from wind speed and turbulence intensity, passing through the rotor blades at heights from 60 to 164 meters are transferred via the drive train and the tower to the foundation. Foundations are designed to transfer the loads from towers to the ground. The tower must be constructed to withstand these loads and provide a safe structure for the nacelle and the rotor blades.

The graphic below shows the components of a wind turbine system:



#### *Our Product Portfolio*

We have a comprehensive and complete portfolio of wind turbine systems that incorporate advanced technology optimized for different wind speeds and locations. We are able to supply our customers with wind turbine systems for wind classes I, II and III.

We have in excess of 30 years of operational and commercial experience in the onshore wind business, providing solutions for projects in both land-constrained and grid-constrained markets.

Land-constrained projects (most frequently situated in Europe) are limited by the maximum number of wind turbines that can be installed at a given site and therefore require high capacity turbines that are typically subject to noise and height restrictions. Grid-constrained projects (for example, the United States where there is much greater geographical mass) are limited by the maximum power that can be connected to the grid. The availability of land on which to construct wind turbine systems or wind farms is typically less critical in grid-constrained markets and the number of wind turbine systems installed per project is higher, resulting in larger projects on average than in land-constrained markets. Both land-constrained and grid-constrained markets allow us to focus our sales and installations on wind turbine systems with a CoE. CoE represents capital and operational cost per kilowatt hour produced over the lifecycle of the wind turbine system.

Our product portfolio currently comprises AW3000 (launched 2008, succeeding our earlier AW series first launched in 2000), Generation Gamma (launched 2010), Generation Delta (launched 2013) and Delta4000 (launched 2017) turbines.



The table below sets out the wind turbine systems in our current product portfolio. The wind speed class shown in the chart indicates that our wind turbine systems are designed to operate in high, moderate and/or light wind speeds, which correspond to IEC Wind Classes 1, 2 and 3, respectively.

Wind Class	AW3000	Generation Gamma	Generation Delta	Delta4000
<b>IEC-1</b> . . . . .	AW100/3000			
	AW70/1500	N90/2500	N100/3300	
<b>IEC-2</b> . . . . .	AW77/1500			
	AW82/1500			
	AW116/3000		N117/3000	
	AW125/3000		N117/3600	
	AW132/3000	N100/2500	N131/3000	
<b>IEC-3</b> . . . . .			N131/3300	
			N131/3600	N149/4.0-4.5
	AW140/3000	N117/2400	N131/3900	(IEC S)
Tower heights according to type of turbine (ground-to-hub height) . . . . .	80 -137.5 meters	65 -141 meters	75 -164 meters	105 – 164 meters

#### AW Series

We offer a wide variety of turbines in our AW series which, following the AWP Merger in 2016, include the AW1500 and the AW3000 turbines, which are specially designed for projects at sites with an abundance of land for development. Developed over many years from AWP's technology, the AW3000 turbine offers a combination of scale and performance to maximize profitability at various site locations. With different rotor diameters and hub heights, the AW3000 is a versatile turbine for wind sites with strong wind conditions as well as for light wind sites. A summary of our wind turbine systems in our AWP generation is set out below:

- **AW1500 (1.5 MW):** The AW1500 includes (i) the AW70/1500 turbine (IEC-1) with hub heights of either 60 or 70 meters and a rotor diameter of 70 meters, (ii) the AW 77/1500 (IEC-2) with hub heights of either 60, 71.5 or 80 meters and a rotor diameter of 77 meters, and (iii) the AW82/1500 covering wind class IEC-2 with a hub height of 80 meters and a rotor diameter of 82 meters.
- **AW140/3000 (3 MW):** The AW140/3000 turbine is designed for light wind sites, covering wind class IEC-3. It is available with an 82 meter (or custom) hub height (steel tower) and a 120 meter hub height (concrete tower), and has a rotor diameter of 140 meters and a rotor sweep of 15,431 square meters. The AW140/3000 turbine is the latest turbine in the AW series.
- **AW132/3000 (3-3.3 MW):** The AW132/3000 turbine is designed for medium wind sites with low turbulence intensity, covering wind class IEC-2. It is available with either 84 or 112.5 hub heights (steel tower) and either 120 or 137.5 meter hub heights (concrete tower), and has a rotor diameter of 132 meters and a rotor sweep of 13,720 square meters.
- **AW125/3000 (3-3.3 MW):** The AW125/3000 turbine is designed for medium to strong wind sites with low turbulence intensity, covering wind class IEC-2. It is available with an 87.5 meter hub height (steel tower) and either 80, 100, 120 and 137.5 meter hub heights (concrete towers), and has a rotor diameter of 125 meters and a rotor sweep of 12,305 square meters.
- **AW116/3000 (3 MW):** The AW116/3000 turbine is designed for strong wind sites with turbulent intensity, covering wind class IEC-2. It is available with a 92 meter hub height (steel tower) and either 100 or 120 meter hub heights (concrete tower), and has a rotor diameter of 116 meters and a rotor sweep of 10,568 square meters.
- **AW100/3000 (3 MW):** The AW100/3000 turbine is designed for strong wind sites, covering IEC-1. It is available with a 100 meter hub height (concrete tower), and has a rotor diameter of 100 meters and a rotor sweep of 7,854 square meters.

As of September 30, 2017, we had installed wind turbine systems of the AW series with 6.9 GW of cumulative installed capacity.

## Generation Gamma

Our Generation Gamma series features turbines for a variety of wind classes. The N117/2400 turbine is the flagship of this generation platform, and is designed for light wind speeds. A summary of our wind turbine systems in our Gamma series is set out below:

- N117 (2.4 MW): The N117/2400 turbine has been developed for light wind sites (IEC-3). It is available with a 90 meter hub height (steel tower) and a 140 meter hub height (hybrid tower), and has a rotor diameter of 117 meters and a rotor sweep of 10,715 square meters.
- N100 (2.5 MW): The N100/2500 turbine is a 2.5 MW wind turbine configured for moderate and light wind conditions (IEC-2). It is available with hub heights ranging from 75 to 100 meters (steel tower), and has a rotor diameter of 100 meters and a rotor sweep of 7,854 square meters.
- N90 (2.5 MW): The N90 turbine is designed for strong wind conditions (IEC-1). It is available with hub heights ranging from 65 to 80 meters (steel tower), and has a rotor diameter of 90 meters and a rotor sweep of 6,362 square meters.

As of September 30, 2017, we had installed wind turbine systems in the Generation Gamma series with 7.1 GW of cumulative installed capacity.

## Generation Delta

Our Generation Delta series is in its fourth generation of our multi-MW platform. With its larger rotor blades, increased nominal output and optimized technical systems, our Generation Delta turbines are designed for locations with moderate and strong winds.

A summary of our wind turbine systems in our Delta series is set out below:

- N131/3900 (3.9 MW): The N131/3900 turbine is designed for light wind locations (IEC-3) and is available with hub heights of 84 to 134 meters. It has a rotor diameter of 131 meters and a rotor sweep of 13,478 square meters.
- N131/3600 (3.6 MW): The N131/3600 turbine is designed for moderate wind locations (comparable to IEC-2) and is available with hub heights of 84 to 134 meters. It has a rotor diameter of 131 meters and a rotor sweep of 13,478 square meters. During 2016, we introduced variants of the N131/3600 turbine for light wind conditions, with nominal output increased to 3.6 MW.
- N117/3600 (3.6 MW): The N117/3600 turbine is designed for moderate wind speeds (IEC-2) and is available with a hub heights of 91 to 141 meters, utilizing complex forested sites for wind turbine system installations. It has a rotor diameter of 117 meters and a rotor sweep of 10,715 square meters. During 2016, we introduced variants of the N117/3600 turbine for moderate wind conditions, with nominal output increased to 3.6 MW.
- N131/3300 (3.3 MW): The N131/3300 is designed for light wind locations (IEC-3) and is available with hub heights of 84 to 134 meters. It has a rotor diameter of 131 meters and a rotor sweep of 13,478 square meters.
- N131/3000 (3.0 MW): The N131/3000 turbine is designed for light wind locations (IEC-3), and is our most efficient light wind turbine system. It is available with hub heights of 99 to 114 meters. It has a rotor diameter of 131 meters and a rotor sweep of 13,478 square meters.
- N117/3000 (3.0 MW): The N117/3000 turbine is designed for moderate wind speeds (IEC-2) and is offered with steel tube towers with hub heights of 91 meters and 120 meters. It has a rotor diameter of 117 meters and a rotor sweep of 10,715 square meters.
- N100/3300 (3.3 MW): The N100/3300 turbine is designed for strong wind speeds (IEC-1) and is offered with steel tube towers with hub heights of 75 to 100 meters. It has a rotor diameter of 100 meters and a rotor sweep of 7,823 square meters.

As of September 30, 2017, we had an installed wind turbine systems of the Generation Delta series with 1.7 GW of cumulative installed capacity. Wind turbine systems in the Generation Delta series are primarily sold in Europe.

## Delta4000

The Delta4000 series, the latest product development in our Delta platform, is, in part, the result of the technological synergies realized through the AWP Merger. In September 2017, we introduced the N149/4.0-4.5

turbine. We expect order intake during 2018 with installations projected to commence in 2019. The first variants to the Delta4000 platform, including the highly customizable N149/4.0-4.5 turbine, will be targeted at land-constrained markets, particularly Sweden and Germany. We are a shortlisted supplier for the supply of the N149/4.0-4.5 turbine for a 500 MW turnkey project in the Nordic region. The turbine has been designed to achieve double digit CoE reductions compared to the N131/3600 turbine and has a variable power output of 4.0 to 4.5 MW. For example, for projects in Sweden we have achieved approximately 20 per cent. CoE reduction in respect of the N149/4.0-4.5 turbine compared to the N131/3900 turbine.

The turbine has one of the largest rotor diameters in the market for turbines in the 4 MW class with an increased rotor blade diameter of 149 meters, which will increase the swept area of the rotor to 17,460 square meters (an increase of more than 30 per cent. compared to the N131/3600 turbine) and, therefore, the power generation capacity of the turbine, and, we believe, there are a small number of market participants able to offer wind turbine systems in the 4 MW class. We will offer hub heights from 105 meters to 164 meters, giving our customers maximum flexibility and options to suit the location of their wind turbine system.

We believe the N149/4.0-4.5 is the quietest wind turbine system in the market for turbines in the 4 MW class, with a maximum sound power level between 103.6 dB(A) and 106.1 dB(A). Additionally, for sites with lower permissible sound power requirements, the N149/4.0-4.5 can operate in various sound-optimizing modes (for example, at 3 MW nominal power output the sound power level is a maximum of 96.6 dB(A). The N149/4.0-4.5 has an operating life of up to 25 years.

### *Installed Capacity*

We have installed across our global product portfolio approximately 22.4 GW as of September 30, 2017. The following chart shows total installed capacity by geographical location for the periods indicated:

Annual installed capacity of our wind turbine systems (MW).

	For the financial year ended December 31,			For the nine months ended September 30,
	2014	2015	2016	2017
Germany .....	412.5	437.2	690.9	570.9
Turkey .....	145.2	278.2	351.7	175.3
Brazil .....	0.0	0.0	228.0	180
United Kingdom .....	67.5	131.0	237.5	65
France .....	94.5	154.8	161.6	149.2
Ireland .....	103.5	55.0	155.8	114.8
Uruguay .....	67.2	54.8	139.2	0.0
Finland .....	73.2	152.4	129.0	85.2
Mexico .....	0.0	0.0	129.0	48
South Africa .....	102.5	88.9	129.0	32.5
United States .....	90.4	137.5	123.0	458.1
Pakistan .....	100.0	27.5	122.5	0.0
Netherlands .....	13.2	49.5	19.5	9
India .....	0.0	0.0	3.0	75
Norway .....	0.0	0.0	2.5	0.0
Lithuania .....	0.0	69.6	0.0	0.0
Poland .....	22.5	31.8	0.0	0.0
Peru .....	0.0	0.0	0.0	0.0
Portugal .....	0.0	0.0	0.0	2.5
Italy .....	17.5	28.8	0.0	0.0
Greece .....	20.0	0.0	0.0	31.4
Belgium .....	12.5	0.0	0.0	0.0
China .....	49.5	0.0	0.0	0.0
Romania .....	2.5	0.0	0.0	0.0
Sweden .....	94.5	0.0	0.0	0.0
<b>Total</b> .....	<b>1,488.7</b>	<b>1,697.0</b>	<b>2,622.2</b>	<b>1,996.9</b>



### *Performance in Extreme Climate Conditions*

We offer wind energy systems for many geographic regions, including coastal and non-coastal, and strong wind and light wind sites.

Wind turbines typically operate at temperatures between -20 and 35 degrees Celsius. For example, in sub-zero temperatures, the accumulation of ice on the surface of the rotor blade of a wind turbine system can lead to extensive downtimes, as the greater load causes imbalances in the rotor, shortening the life cycles of the components. This change in dynamics compromises the efficiency of the turbine, which results in reduced yields. Our anti-icing-system, which is sold separately to our wind turbine systems, minimizes the accumulation of ice on the surface of rotor blades and, therefore, can increase turbine yields by up to 25 per cent. in cold climates. Through our anti-icing-system, operators are able to rely on more secure yields from their wind turbine systems and maximum availability in low-temperature regions.

Our anti-icing-system comprises an ice sensor and heating elements fitted to the front edge of each rotor blade. The sensor continuously monitors ambient conditions and reports the status to the wind turbine systems' operation management system. If this data indicates the presence of conditions liable to cause icing, the heating elements are automatically activated and the energy efficient heating then prevents ice from accumulating on the rotor blades. As our system is integrated into the blade structure, this solution de-ices the rotor blades during operations and therefore does not result in the loss of yield caused by many static de-icing systems. In addition, our anti-icing system continues to operate during down times, detecting any icing and triggering the de-icing process to prevent delays when operation resumes.

### *Plant Certification*

Our development and manufacturing processes, and individual production facilities are subject to certification:

#### *Germany*

Our German activities have been assessed by TÜV Rheinland ("TÜV"). In 2017, we underwent extensive recertification by TÜV under all four ISO standards to renew our certification for our integrated management system for a further three years. All of our German production sites, our warehouse, several service facilities and our head office were assessed in accordance with the applicable standards set out by the German accreditation body, *Deutsche Akkreditierungsstelle GmbH* ("DAkkS"), which is entrusted by the German Federal Government to carry out public authority accreditation tasks and, as such, is subject to the government's technical, legal and financial supervisory authority. The main focus in 2016 was on ensuring our continued accreditation by DAkkS, which has successfully been achieved.

TÜV is a technical inspection association in Germany that provides product inspection and certification services for quality (ISO 9001), environmental protection (ISO 14001) and health and safety (OHSAS 18001). In addition, our German facility, DMR (nacelle assembly), in Rostock has been certified by TÜV in accordance with ISO 50001 (energy management) and meets the requisite energy management standards.

#### *International*

Our international activities have been assessed by Bureau Veritas. In 2015, we underwent extensive recertification by Bureau Veritas under ISO 9000, ISO 14000 and OSHA18000 standards to renew our certification for our integrated management system until March 2020. All of our production sites, windfarms, several service facilities and our head office were assessed in accordance with the applicable standards.

All of the activities performed internationally were assessed. The certificates include all of the nacelle assembly activities in Spain (Baasoin, Vall-duixo), Brazil (Salvador de Bahia) and India (Chennai), erection and commissioning of all wind farms and Service activities.

### *Product Certification*

Once we complete a wind turbine system design, it is presented for type approval and certification in accordance with guidelines set by TÜV. During the type approval and certification process, our wind turbine system design, prototype performance and all systems are independently assessed and verified. Based on our experience, this process typically takes between nine to 15 months. This process provides key assurance to our customers in

respect of the design, performance and safety of our wind turbine systems, and, in addition, we develop, test and obtain certification for the rotor blades of our wind turbine systems internally. Our AW platform is also certified by Bureau Veritas, DEWI-OCC and DNV-GL.

### *Product Warranties*

We guarantee the quality of our wind turbine systems and certain customary performance and availability parameters in accordance with market standards. All components and the complete system undergo thorough testing and quality inspections under our quality management system. We provide our customers with various types of warranties based on legal and customer requirements in different markets. For example, we warrant that the product is free from defects in materials and workmanship and will perform as designed. The length of warranties we provide is typically limited to two to five years after delivery to the customer, with any replaced spare parts or components benefiting from a further two years from the date of repair or replacement within the warranty period. Our warranties are usually backed by post-sale service agreements pursuant to which we provide services to the wind turbine system operator for a longer period than the length of the warranty. See “—Services.”

For more information concerning risks associated with product warranties, see “*Risk Factors—Risks related to our business—Any technical deficiencies in our wind turbine systems could adversely affect our business, financial condition, cash flows, results of operations and existing and future orders. Due to technical defects in wind turbines supplied by us, warranty claims or other defect liability claims may be asserted.*”

### *Towers*

We offer several tower variants including steel towers, concrete towers and hybrid towers (steel and concrete) with hub heights of up to 164 meters. In 2016, we installed our N131/3300 wind turbine system on a 164 meter high hybrid tower in Rhineland-Palatinate, Germany, reaching a total height of 230 meters, which, at the time of installation, made it the tallest wind turbine system in the world.

Provided that the turbines are positioned at an elevated hub height, it is possible to generate electricity from wind power in non-coastal locations efficiently. To achieve the necessary rigidity at hub heights of over 100 meters and to suppress resonance frequencies caused by turbine rotation, the lower part of the tower must have a diameter of over four meters. We develop of hybrid towers, which enable us to produce the concrete base of the tower onsite removing the need for transportation of wide tower bases overland.

### *Turnkey services*

We have DIN ISO 9001 certification for the planning, delivery, installation and commissioning of all electrical and technical automation systems, as well as for the infrastructural measures required for wind turbine systems, allowing us to provide our customers with a full project service in relation to our wind turbine systems. Our services can cover electrical and civil services (including building of substations, transmission lines and additional wind farm infrastructure) and, where applicable, are outlined and agreed upon in either our wind turbine system supply and commission contracts or are dealt with separately in engineering, procurement and construction contracts. In addition, given our industry experience and know-how, we assist customers with coordinating with the relevant authorities to obtain required permits, evaluate environmental compatibility and make recommendations for compensatory measures wherever necessary.

As part of our turnkey project service, we also offer to set up the complete wind farm substation. The substation is a turnkey modular system, especially designed for the connection of the wind farm network to the grid. Constructed as an outdoor plant, the substation converts the alternating voltage, which as a rule lies between 110 kV and 380 kV, to 20 or 30 kV. The current is then distributed further. We ensure that the electrical energy created in the wind energy system is optimally and punctually fed into the high-voltage grid to ensure optimal performance of our wind turbine systems.

### *Logistics*

Delivery of wind turbine systems represents a considerable logistical challenge due to the dimensions and weight of the component parts of the wind turbine system, and the availability of cranes and other transportation infrastructure. We offer transportation of our wind turbine systems from our production facilities to the customer’s place of installation; however, this process is typically executed by third parties.

## ***Project Development***

In our project development business, we develop and sell wind farm projects. Our project development activities include conducting feasibility studies, securing permits and land rights and arranging financing for the intended project.

The primary purpose of our project development business is to utilize our in-house project development expertise to increase sales from our wind turbine systems in selected markets and grow our Services business. Therefore, we operate in a limited number of markets where we can best leverage our know-how. We prepare our projects to be equipped with our wind turbine systems. The combination of our project development activities with the provision of our wind turbine systems provides us with an attractive offering particularly for small- to mid-size customers and financial investors.

In some cases, we develop project sites from the initial project stage (the “greenfield approach”), and, in others cases, we enter into existing projects at a later stage and develop them further to financial close (the “brownfield approach”). Our projects can be sold at various stages of the development process. Typically we sell at the ready-to-build stage, but in some cases we also sell at the ready-to-operate stage. The project contracts and permits are tied to the installation of our wind turbine systems, providing a natural sales channel for increased sales from our wind turbine systems (and related services). Customers that have purchased projects developed by us include IKEA, Kallista and Allianz.

As of September 30, 2017, we had a dedicated project development team of 62 employees. As of September 30, 2017, our project development business realized approximately 900 MW, of which approximately 80 per cent. has been realized in France. Our project development pipeline, as of September 30, 2017, comprises a further 2.4 GW, of which approximately 60 per cent. is located in France.

In France, we have a project development pipeline of 1.4 GW, as of September 30, 2017. We capitalize on our presence and network in the French market to further build our pipeline. Customers for our self-developed projects are mainly financial investors which look for a one-stop solution.

In India, our project development is a “license to operate” (i.e., to sell wind turbine systems) model, because customers only invest in fully developed projects. In India, we have a project development pipeline representing of 567 MW, as of September 30, 2017. We follow a mixed strategy whereby, in respect of the brownfield approach, we have acquired a large pipeline of projects in an advanced maturity stage from Acciona Energía, which we further develop and then sell.

## **Services**

### ***Overview***

Our Services business comprises the provision of an extensive range of services to onshore wind power system operators from a global service network of approximately 280 service points in 28 countries worldwide. We offer customers a wide range of services, including post-sale inspection and maintenance services, the delivery of spare parts, inspection of safety equipment, modernization upgrades, customer training, repair services and technical enhancements. In addition to providing comprehensive onsite services, we utilize digital platforms to provide detailed operating data, and technical development services, including remote condition monitoring and system management.

Sales generated from our Services business comprised 9.2 per cent. (EUR 310.4 million) of our total consolidated sales in the twelve months ended September 30, 2017. We generated EUR 56.2 million EBITDA (18.1 per cent. EBITDA margin of Services sales) from our Services business during the same period. As of September 30, 2017, our Services order book amounted to EUR 1,863.6 million.

Our Services business provides strong and predictable cash flows. As of September 30, 2017, the average duration of our service contracts was 10.5 years and the remaining average term of our service contracts was 7.2 years. For the twelve months ended September 30, 2017, the renewal rate for our service contracts was 80 per cent. of contracts due for renewal during the same period, which provides stable, predictable and “annuity-like” cash-flows.

As of September 30, 2017, 992 service contracts are in place, with utility companies such as Enel Green Power, e.on, EDF, EDPR, Acciona Energía and Actis, IPPs such as Engie, Exelon and Enbridge, financial investors and corporates such as Denham Capital, BlackRock, Allianz and IKEA and community wind farms (*Bürgerenergiegesellschaften*).

Our post-sale services are designed to optimize and maintain the performance of our wind turbine systems throughout their entire life span. We achieve this by offering the following services:

- regular inspection and preventative maintenance of wind turbine systems throughout their full life cycle;
- inspection of safety equipment in line with current guidelines and statutory requirements to ensure safe operations and compliance with applicable laws;
- corrective maintenance, including delivery and installation of spare parts;
- modernization of wind turbine systems to boost yields and extend turbine life;
- technical enhancements to improve the safety, reliability and the efficiency of our customers' wind turbine systems;
- provision of the Condition Monitoring System, which automatically tracks several key component parts of wind turbine systems 24/7 and enables regular reporting on the condition of our customer's wind turbine systems;
- customer training, covering a wide range of business-related and technical subjects; and
- remote monitoring and remote management, to identify and resolve disruptions 365 days a year.

The central element of our post-sale services offering is 24/7 remote monitoring, maintenance and repair of our wind turbine systems. Our turbines are remotely monitored by our teams and faults identified by the system can be diagnosed and rectified remotely within hours of the failure without the need for technicians to visit the site. Where remote remedial action is not possible, we mobilize our local service team.

#### *Service Contracts*

In respect of our Generation Gamma platform, there are four standardized contract models available with different levels of service: Basic, Extended and Premium Light and Premium.

In respect of our Generation Delta platform, there are two standardized contract models available with difference levels of service: Full Service Contract and Preventive & Minor Corrective.

Following the AWP Merger, we have consolidated our services offering across our AW, Generation Gamma and Generation Delta product platforms. In September 2017, we completed a strategic review of the services offered under our contracts, and, in the future, we will be offering “premium,” “premium plus” and “premium light” service contracts. The “premium” contract will include regular maintenance services, 24 hour remote monitoring and an availability warranty. The “premium plus” contract will include the “premium” entitlements, plus a production based warranty and enhanced reporting, while the “premium light” contract will exclude corrective maintenance for certain key wind turbine components and spare party supply.

The following charts include an overview of our range of service offerings.

Existing services – Generation Gamma and Generation Delta platform:

	<b>Basic contract</b>	<b>Extended contract</b>	<b>Premium Light Contract</b>	<b>Premium contract</b>
<b>Coverage</b>	Scheduled maintenance, remote monitoring	Scheduled maintenance, remote monitoring, and availability warranty	Scheduled and unscheduled maintenance, remote monitoring, repair and spare part costs are covered, and availability warranty. Excludes repairs and exchanges of main components	Scheduled and unscheduled maintenance, remote monitoring, repair and spare part costs are covered, and availability warranty
<b>Duration</b>	1-2 years	1-2 years	2-15	2-15 years

Existing Services – AW platform:

	<b>Preventive &amp; Minor Corrective contract</b>	<b>Full Service contract</b>
<b>Coverage</b>	Scheduled and unscheduled maintenance, remote monitoring, repair and spare part costs covered and availability warranty and regular reporting. Excludes repairs and exchange of main components	Scheduled and unscheduled maintenance, remote monitoring, repair and spare part costs are covered, and availability warranty
<b>Duration</b>	2 – 15 years	2 – 15 years

New Service Offering:

	<b>Premium Light contract</b>	<b>Premium contract</b>	<b>Premium Plus contract</b>
<b>Coverage</b>	Scheduled and unscheduled maintenance, remote monitoring. Excludes repairs and exchanges of main components	Scheduled and unscheduled maintenance, remote monitoring, and availability warranty	Scheduled and unscheduled maintenance, remote monitoring repair and spare part costs are covered, production based warranty
<b>Duration</b>	2 – 15 years	2 – 15 years	2 – 15 years

For the financial year ended December 31, 2016, 100 per cent. of wind turbine system sales were sold with a service contract, and over 75 per cent. of such services contracts were “full service” contracts (i.e. the existing Premium or Full Service contract), comprising scheduled and unscheduled maintenance and an availability warranty.

We also provide a modular maintenance package, whereby customers can choose tailored service features suitable to them, such as technical support, training and spare part packages. We are supporting this measure by establishing a key account management system which is focused on IPPs and other important customers, such as financial investors.

The majority of our wind turbine systems are located in close proximity to one of our service centers. Local technicians are familiar with local health and safety procedures and work closely with the wind farm owner to address concerns. In addition, a stock of key commonly used components is maintained in local service centers and the majority of components that are not stored locally can typically be made available on site within 24 (to locations in Germany) and between 24 to 48 hours (to locations in Belgium, France, the Netherlands, Poland and the UK) from our central warehouse in Rostock, Germany.

The following chart shows the geographical distribution by region of our wind turbine systems under a Services contract (in MW):

(MW)	As of December 31,			As of September 30,
	2014	2015	2016	2017
Europe .....	7,150.5	8,526.5	9,996.9	11,030.0
North America .....	1,075.1	1,730.5	1,816.0	2,022.0
Latin America .....	334.5	861.6	1,330.6	1,529.0
Rest of the world .....	136.5	345.5	479.9	647.0
<b>Total</b> .....	<u>9,056.6</u>	<u>11,464.1</u>	<u>13,623.4</u>	<u>15,228.0</u>

The majority of our services are provided through our four principal service contract options; however, more sophisticated customers, who may wish to carry out some activities themselves, can select individual functions and, if necessary, sub-contract specific tasks to us.

## Our Customers

We have a broad base of customers which includes large utility and renewables companies, as well as financial services companies, medium-sized power plant operators and community wind farm operators. Our key customers include Iberdrola, NextEra, EDP Renewables, EDF, Acciona Energía, Enel Green Power, Berkshire Hathaway Energy and e.on. We have also established longstanding relationships with our customers such as Ikea, Allianz, BlackRock, Denham Capital and Actis.



We have the capability to enter new markets to service new customers. For example, in October 2017, we established a representative office in Melbourne, Australia in order to capitalize on the growing demand for onshore wind energy in that region.

We enter into product sale and service agreements with customers that have been subject to an internal assessment to identify any counter-party credit risk. In particular, an order for a project is only accepted if the project financing is guaranteed by a bank and/or bank guarantee or group financial or performance bond is put in place. Our agreements with customers generally operate in phases, with additional payment advances for each stage. Additionally, the agreements provide for liquidated damages to be paid to customers if the project is not completed within a pre-determined schedule.

## **Research and Development**

### ***Overview***

R&D of reliable and competitive wind turbine systems, wind farms and service solutions is central to our business, and we dedicate a significant portion of our workforce to engineering and product development. As of September 30, 2017, 711 employees were engaged in R&D activities, from basic development of products and processes, to operational and strategic product management.

Our R&D costs were EUR 56.3 million, EUR 227.0 million and EUR 59.4 million for the nine months ended September 30, 2017, the financial year ended December 31, 2016 and the financial year ended December 31, 2015. Our R&D costs in the financial year ended December 31, 2016 included EUR 149.3 million resulting from the first time consolidation with AWP in the financial year ended December 31, 2016. Over the last three years, we have registered 105 patent families consisting of 143 patents.

Our R&D strategy is to systematically and comprehensively reduce CoE of our products and services over their entire life cycle, from wind turbine systems to entire wind farms. In our efforts to reduce CoE, we focus on all key elements of the wind turbine system including, for example, the development of rotor blades with a length of more than 64 meters and integrated electrical and control technology. These are the driving factors behind the development of more efficient and therefore more economical turbines, resulting in a reduction in the CoE which is to the advantage of both the environment and our customers. Our key objective is to reduce CoE of all wind turbine systems we produce by at least six per cent. by 2018, representing an overall average 18 per cent. of reduction in total since 2015. In order to achieve this, we have 15 group-wide cross-functional working groups to develop systematic approaches that will leverage cost reduction potential.

The global manufacturing base and advanced technological capabilities necessary to compete in the wind industry require significant upfront investment, particularly in R&D, in order to achieve a competitive CoE. We benefit from our significant R&D investment and engineering experience and we currently work on improving configurations and variations to our wind turbine systems to meet the changing technical requirements of our customers and our markets. We plan to maintain our R&D costs at the current level, being EUR 80.8 million for the twelve months ended September 30, 2017 (excluding EUR 149.3 million resulting from the first time consolidation of AWP in the financial year ended December 31, 2016).

### ***Wind turbine system engineering***

In the financial year ended December 31, 2016, we focused our R&D efforts on the further development and standardization of the Generation Delta platform and the AW3000 platform. We continue to develop the AW3000 platform – under the “AWX” initiative – to optimize CoE and improve competitive strength and increase the annual energy production of turbines in the AW3000 platform. For the Generation Delta series, in the fall of 2016, we introduced the improved product versions N117/3600 for moderate wind conditions and N131/3900 for light wind conditions.

Highlights of our recent R&D program include the announcement of our N149/4.0-4.5 turbine, forming part of our Delta4000 platform. The N149/4.0-4.5 turbine has an annual energy production which is more than 20 per cent. higher than the annual production of our existing turbines and is designed to achieve the lowest possible CoE among our turbines. Variants to the Delta4000 platform can be developed to cater for both land-constrained and grid-constrained markets. The first variants to the Delta4000 platform, including the N149/4.0-4.5 turbine, will be targeted at land-constrained markets, such as Sweden and Germany.

### ***Innovative solutions***

We focus on innovative solutions for all items we identify as potentially driving reductions in CoE and meeting environmental and regulatory challenges. For example, we continue to invest in reducing the noise emissions of our wind turbine systems and maintaining their minimal noise disruption as we increase overall efficiency. Under normal operating conditions, the turbulent trailing edge noise has been identified as the main source of noise in a wind turbine. We have developed rotor blade serrations in our wind turbine systems to resolve this issue. Serrations are turbulator tapes at the trailing edges of the rotor blade which serve to reduce noise radiation without reducing the rotation speed of the wind turbine systems. On average, measurements suggest a reduction in noise emissions of 1-2 dB (decibels), and by applying these measures, resulting noise emissions of the N131/3600 can be reduced to up to 97.0 dB(a) (A-weighted decibels) in the noise-reduced operating mode. Contrary to other noise reducing measures, as the speed of rotation is maintained, no energy is lost and the CoE is lowered making our solution holistically effective.

We deploy further innovative solutions through our anti-icing technology, which optimizes wind turbine system operations in challenging climate conditions with sub-zero temperatures. Our anti-icing system consists of an ice sensor mounted on the nacelle, and heating elements contained within the rotor blades at the aerodynamically relevant area of the blades. The sensor continuously monitors ambient conditions and reports the status to the wind turbine's control system. If data indicates that the conditions are likely to cause icing, the heating elements are automatically activated. Energy-efficient heating prevents ice from accumulating on the rotor blades. There is no requirement to stop or reduce the operation of the turbine while the anti-icing system is working. While active, the system automatically switches between off, low power and full power settings to efficiently match the climatic conditions.

If ice were to form during operation, the wind turbine would not need to be shut down. The anti-icing system automatically removes ice that has accumulated along the relevant surfaces of the rotor blade, thereby reducing yield losses and shutdowns resulting from icing. After downtime, for example, due to grid outages, the system detects icing-driven performance reductions, triggering the de-icing process before resuming full operation. The anti-icing system can also be controlled manually for an individual wind turbine as well as for the entire wind farm.

With the anti-icing system, our customers can rely on secure yields from their wind turbines and maximum availability, even in cold temperature conditions. The anti-icing system is available for our N117/3600, N131/3600, N131/3900 and N149/4.0-4.5 wind turbine systems. As of September 30, 2017, we have installed a total number of 176 turbines with anti-icing systems (486 MW).

As part of our R&D activities, we are the only producer of wind turbines involved in the “*NEW 4.0 – Norddeutsche EnergieWende*” project. This project has been initiated by the German Federal Ministry for Economic Affairs and Energy and is backed by an alliance of 60 partners. The project aims to demonstrate that the federal states of Schleswig-Holstein and Hamburg - with a population of approximately 4.5 million - can be supplied with 100 per cent. renewable energy by 2035. As part of this project, we are researching areas such as battery energy storage systems and grid infrastructure to promote increased active power output and advanced grid integration.

### ***Intellectual Property Rights and Technical Know-How***

The commercial success of our Group relies on our ability to secure patent and other industrial property rights in respect of our technology. Our future performance will depend in part on our ability to obtain and maintain patents and other protection, to preserve business secrets and expertise, and to avoid infringing the commercial rights of third parties. We protect our technology through a combination of intellectual property rights, such as patents and trademarks, and establishing procedures to guard the security of confidential information.

As of September 30, 2017, our intellectual property portfolio included 768 patents, 24 utility models and 60 protected trademarks. We also had 247 applications in respect of patents and utility models pending. We believe that our patent portfolio covers all essential aspects of our wind turbine systems and wind farms, including rotor blade designs, mechanical engineering, electrical engineering, grid connection, towers and foundations, and the control and monitoring of wind turbine systems and wind farms. In addition, we believe that our industrial property rights cover all essential aspects of our wind turbine systems and wind farms, from the rotor blade mechanical engineering, electrical engineering and grid connection, towers and foundations to control and monitoring of wind turbine systems and wind farms.

To protect our intellectual property rights and technical know-how, our employment contracts, particularly those with employees who have special technical knowledge about our wind turbine systems or our business, contain a confidentiality undertaking. In addition, for employees involved in R&D, the confidentiality undertaking extends for a specified period following the termination of employment. We also require suppliers of key components to enter into non-disclosure arrangements to limit access to and distribution of our proprietary and confidential information. We also have a number of patent license agreements and non-assertion agreements providing for non-exclusive, royalty-free and perpetual licenses or non-assertion covenants relating to patents owned by us or third parties.

## **Supply Chain Management and Production Facilities**

### ***Overview***

Our supply chain is based on a strategic mix of in-house production and sourcing from third parties, resulting in limited vertical integration that permits us to manage our capital commitments and retain a flexible business model.

This approach allows us to maintain an asset-light business model that permits us to react quickly to changing market dynamics while keeping control of our mission-critical components and processes. This is increasingly important as the wind energy supply chain continues to be affected by high volume fluctuations leading to overcapacities in strategic wind turbine system components and conversely, simultaneously enables faster ramp-up when markets return to growth.

We assemble all nacelles in-house due to the high complexity of production and need for control over these key items while investments in required assets is comparatively low. We source towers almost entirely externally as in-house tower production would require significant investment while industry-standard quality is widely available. Our in-house concrete tower technology is an exception as it offers significant advantages in markets with high steel prices (e.g., in Brazil) while investments are significantly lower than for steel tower manufacturing. For blade supply, we follow a hybrid model. We aim to produce one-third of all necessary blades and all new blade ramp-ups in-house to establish know-how over the product and production process. The remaining two-thirds are sourced from external suppliers on a “build to print” basis, i.e. based on our own blade design. As of September 30, 2017, the ratio of internal blade supply was 29 per cent.

We cooperate with preferred suppliers of key components such as gearboxes or blades to improve the performance while reducing cost. For markets which require domestically produced components due to national regulation, we establish local supply chains with strategic supply partners.

### ***Own production footprint***

Our in-house facilities principally cover the assembly of nacelles and the production of rotor blades while towers are primarily sourced externally.

Nacelle assembly is performed in our plants in Rostock (Germany), Barásoain and Val d’Uixó (both Spain), Bahia (Brazil) and Chennai (India). In addition we have a mothballed nacelle assembly plant in the United States (West Branch, Iowa), currently being utilized as a service hub and North American head quarter; however, production at this plant can be reinstated at short notice.

In-house blade production is based in Lumbier (Spain) and Rostock (Germany) jointly covering approximately 28 per cent. of blade demand. We cooperate closely with our external blade suppliers who produce blades in Turkey, China and Brazil. The joint production footprint enables us to supply blades to all key markets at competitive landed cost (i.e., cost of manufactured blade plus transport cost and import duties).

Towers are mainly sourced externally. The majority of towers used by Nordex are steel towers which we acquire within our network of established suppliers in Europe, Turkey and Asia. We source steel towers based on lowest landed cost, similar to blade sourcing. Nordex, after the acquisition of Acciona Windpower, also has in-house expertise in manufacturing and installation of concrete towers. These towers are produced near to wind farms in facilities either owned by Nordex or by an external supplier. We currently operate one in-house concrete tower plant in Lagoa do Barro (Brazil) and one external concrete tower plant in Mexico with further mothballed external facilities in Chile, Brazil, India and South Africa. These plants can be ramped-up within several months.



The table below shows our in-house production footprint:

Produced components	Location	Established	Wind turbine platform	Assembly, warehouse, office and outdoor areas (in thousands of square meters)
Nacelle	Rostock, Germany	1992	Delta, Gamma	66.8
	Barásoain, Spain	2003	AW-3000	9.0
	La Val d'Uixó, Spain	2005	AW-3000	8.8
	Bahia, Brazil	2014	AW-3000	5.2
	Chennai, India	2016	AW-3000	8.5
	West Branch, Iowa(1)	2007	AW-3000	10.5
Rotor	Lumbier, Spain	2010	AW-3000	53.9
blade	Rostock, Germany	2001	Delta, Gamma	130.6
Concrete tower	Lagoa do Barro, Brazil	2017	AW-3000	60.2

(1) Number of components necessary for one wind turbine system (i.e., nacelles, hub, blade sets (3 blades), tower sections for one complete tower).

In the nine-months ended September 30, 2017, we built 704 turbines with nominal output of 2,451.6 MW (compared to 764 turbines with a nominal output of 2,024.7 MW for the nine months ended September 30, 2016). In the nine months ended September 30, 2017, 626 rotor blades were produced in our own rotor blade facilities (compared to 480 rotor blades for the nine months ended September 30, 2016). Production declined in the Rostock, Germany, facility to 295 rotor blades for the Generation Gamma and Generation Delta platform turbines, whereas rotor blade production for the AW3000 platform in the facility in Lumbier, Spain, increased to 331 blades during the same period.

### ***Third Party Component Procurement***

We also source nacelle and hub components, blades and towers from third party suppliers across our operating divisions. Since 2014, some of our key suppliers have included *General Electric*, *Dencam Composite*, *Moventas*, *Woodward Wind* and *TPI Composites*.

All supplier relationships are governed by a code of conduct which establishes our professional business standards and ethical considerations. Our suppliers must be capable of complying with our technical requirements and quality standards. To ensure high quality standards, we have entered into quality assurance agreements with our suppliers that define the technical and organizational framework conditions and processes. All of our suppliers must be focused on “zero failures,” 100 per cent. reliable delivery and cost minimization. To help ensure favorable commercial terms and meet required supply capacity, we have entered into framework supply agreements with some of our suppliers. As part of our supply chain risk management, we regularly conduct audits of our suppliers and maintain research and design control over third party production of some key wind turbine systems components.

To reduce dependency and protect ourselves from delivery interruptions, a dual or multiple sourcing strategy has been adopted as one of the guiding principles of our proactive supply chain management. As of September 30, 2017, more than 86 per cent. of the components for our wind turbine systems are available from two or three additional sources. Our supplier selection criteria focuses on the quality, price and technological advancement of the supplied components, while timing and size of our supply orders are driven by requirements of specific projects. To avoid long-term purchase commitments to specific volumes, and to retain flexibility, we enter into agreements that limit our commitment to a particular supplier to only a certain percentage of our demand related to a particular material (so-called “share of wallet agreements”), component or turbine within a limited time frame, or we enter into agreements for specific components or services on a project by project basis.

### ***Sales and Marketing***

As of September 30, 2017, we employed 104 full-time sales personnel to maintain a network of local sales representatives globally.

Our sales effort is project-specific and principally driven by our ability to offer wind turbine systems achieving a competitive CoE performance.

Other aspects supporting the successful marketing of our products, include product quality (including components), the usage life of our products, timely delivery, terms of warranty and national grid compatibility/connectivity of our wind turbine systems, and the quality and availability of our comprehensive post-sale services. Our product portfolio has helped us to retain our market presence in Europe and grow our market share in India, Brazil and Mexico.

The Group has its own sales and service subsidiaries in Australia, Brazil, China, Chile, Denmark, Germany, Finland, France, the United Kingdom, Honduras, India, Ireland, Italy, Canada, the Netherlands, Norway, Mexico, Pakistan, Poland, Portugal, Romania, Sweden, Singapore, Spain, South Africa, Turkey, Uruguay and the United States. We conduct sales and marketing through our local teams operating in our target markets. Our regional and divisional local sales teams regularly review market opportunities, market trends and local market regulation and conditions in markets they cover and the Management Board is kept updated of the outcome of such review.

### **Human Resources**

The following table shows the geographic breakdown of our employees as of the dates indicated.

	As of December 31,			As of September 30,
	2014	2015	2016	2017
Europe . . . . .	2,671	3,061	4,262	4,563
North America . . . . .	101	109	186	227
Latin America . . . . .	18	37	452	297
Rest of the world . . . . .	129	129	229	187
Total number of employees . . . . .	2,919	3,336	5,129	5,274

The following table shows the percentage breakdown of our employees by segment:

	As of December 31,			As of September 30,
	2014	2015	2016	2017
Service . . . . .	32	35	28	30
Production and procurement - blades . . . . .	16	13	16	17
Production and procurement – nacelle and tower . . . . .	16	16	22	18
Engineering . . . . .	15	14	12	13
Administration . . . . .	12	12	12	13
Project management . . . . .	5	6	8	6
Sales . . . . .	4	4	2	2
	100%	100%	100%	100%

We have human resource processes in place regarding recruiting and training, talent management and performance management. In line with our human resource strategy, we have implemented various initiatives such as training programs in order to build better organizational capability that will enable us to sustain competitiveness in the global market.

In November 2017, we reached an agreement with the worker’s committee on the terms of the implementation of the headcount reduction in Europe, which we expect to facilitate the continued execution of our headcount reduction program.

In Germany, our employees are represented by the corporate works council and the relationship is governed by a Factory Bargaining Agreement (*Konzernbetriebsvereinbarung*). The works council has numerous rights to receive notification of, and co-determine, certain personnel, social (such as work schedules and rules of conduct) and remuneration matters. Under the German Works Constitution Act (*Betriebsverfassungsgesetz*), works councils are required to be notified in advance of any proposed employee termination and to confirm hiring and relocation in respect of similar matters.

We currently have no collective bargaining agreements with unions in Germany. In Spain, our employees are represented by labor unions. Besides these local regulations, all of our employees within the EU are represented by the European Works Council (the “**SE-Forum**”). The SE-Forum is competent for the involvement of our employees in transnational matters, but only has information and consultation rights.

During the last three financial years, we have not experienced any labor disputes that significantly affected our operations. We believe we have a good relationship with our employees, with the works councils, and with trade unions and other bodies representing our employees in the various countries in which we operate.

### **Insurance Coverage**

We maintain industry-standard transport, construction and property insurance (including machinery breakdown and business interruption), as well as third party legal liability and product liability insurance. We do not maintain insurance coverage in respect of potential costs and customer claims related to the technical issues of our wind turbine systems. If we suffer losses in excess of our insurance coverage, we will be required to cover such losses and third party claims out of our own funds. See *“Risk Factors—Risks related to our business—We may not be able to obtain or maintain adequate insurance cover.”* We also maintain directors’ and officers’ insurance. All of our policies are underwritten with reputable insurance providers, and we conduct periodic reviews of our insurance coverage, both in terms of coverage limits and deductibles. We also actively monitor all key conditions under our policies and have systems in place to ensure that we remain in compliance with those conditions. We do not have business interruption insurance. We believe that our insurance coverage (both in terms of types and relative amounts insured) are in accordance with what is customary in the industry and geographical jurisdictions in which we operate.

### **Environmental Matters**

Our operations are subject to environmental regulation and periodic inspections and monitoring by local environmental protection authorities. These laws and regulations require us to obtain and maintain permits and approvals, undergo environmental impact assessments, review processes and implement environmental programs, impose controls on our air and water discharges, storage, handling, discharge and disposal of chemicals and other aspects of our operations and products. Furthermore, some of our manufacturing and post-sale services are hazardous and require compliance with stringent safety standards with regard to potential employee exposure to hazardous substances. We are not aware of any pending or anticipated material environmental investigation, proceeding or action by any governmental agency or other third-party. See *“Risk Factors—Risks related to our business—Compliance with and amendments to health, safety and environment laws and regulations may have an adverse impact on our business activities.”*

### **Legal and Arbitration Proceedings**

We are involved in certain claims and lawsuits arising from the ordinary course of our business, with the material proceedings set out below.

Group companies are involved in various legal proceedings in Spain and Brazil with a former joint venture partner of AWP, Inneo Torres. Inneo Torres filed various complaints between 2013 and 2015 for damages against AWP and its subsidiaries in various disputes relating to an alleged breach of contract under a framework agreement for the supply by Inneo Torres of 200 concrete towers, for breach of a purchase order by Inneo Torres in the Atlantica wind farm in Brazil and for alleged intellectual copyright infringement. Certain claims arise out of the exercise by AWP of certain step-in rights under the framework agreement when, having considered Inneo Torres to have been in breach of the framework agreement, AWP took control of certain manufacturing tasks relating to the wind farm. The exercise of step in rights is an industry standard which enables a principal (AWP) to take control of the manufacturing facilities of a supplier (Inneo Torres) to complete the contract self-reliantly in circumstances where the supplier causes a certain delay in production.

Various claims have been brought by Inneo Torres since October 2013, and AWP (and group companies) have filed various counter-claims. In October 2014, Inneo Torres filed a claim in the Spanish courts in the amount of EUR 19 million alleging breach of contract under the framework agreement. AWP filed a counter-claim in the amount of EUR 6 million alleging that the contract was terminated due to breach by Inneo Torres. The proceedings, first heard by the Madrid Court of First Instance, resulted in both parties’ claims being partially upheld. AWP was ordered to pay approximately EUR 6 million to Inneo Torres in July 2017. Both AWP and Inneo Torres appealed the ruling, and appeal papers were filed with the Madrid Court in October 2017.

Moreover, criminal proceedings were initiated by Inneo Torres in 2014 against AWP, among others, based on offences relating to the alleged misappropriation of trade secrets. Inneo Torres alleges that AWP made use of the step-in provisions in the framework agreement in order to misappropriate industrial secrets from Inneo Torres. The amount in dispute has not yet been quantified by Inneo Torres. The investigation by the Spanish judges is the first stage of criminal proceedings in Spain. We consider the claim to be unfounded and we intend to strenuously defend ourselves.

In June 2017, Inneo Torres also initiated proceedings against Acciona Windpower Brasil – Comércio e Industria de Equipamentos Eólicos Ltda. in the Brazilian courts in respect of alleged patent infringement of a portable factory system owned by Inneo Torres. Acciona Windpower Brasil – Comércio e Industria de Equipamentos Eólicos Ltda. have filed pleadings stating that a license agreement was in place, that the portable factory developed by Acciona Windpower Brasil – Comércio e Industria de Equipamentos Eólicos Ltda. is materially different from Inneo Torres’ portable factory and that no infringement occurred. In September 2017, the Sao Paulo Court of First Instance dismissed Inneo Torres’ claim pending a decision by a Spanish court on the status of the aforementioned license agreement. We consider the claim to be unfounded and we intend to strenuously defend ourselves.

In April 2017, Z.T. Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. (“**Z.T. Enerji**”) commenced arbitration proceedings in Paris, France, against Acciona Windpower S.A. and Acciona Windpower Rüzgar Enerjisi Sistemleri A.Ş. (together, the “**AWP Respondents**”) in respect of an agreement to deliver to Z.T. Enerji and service 19 wind turbines in Hatay, Turkey. In its request for arbitration, Z.T. Enerji is seeking (i) a declaration that it properly notified the AWP Respondents’ of alleged (but unspecified) defects within the contractually defined liability period; and (ii) compensation for alleged (but unspecified) production losses in the amount of not less than EUR 1.8 million. Z.T. Enerji alleges that the wind turbines were supplied with a number of defects and, as a result, it has suffered substantial production losses as the AWP Respondents allegedly failed to satisfy their contractual obligations.

In June 2017, the AWP Respondents filed (i) a response stating that Z.T. Enerji’s claims are inadmissible for failure to appoint an independent expert prior to initiating the arbitration proceedings, and (ii) a counterclaim for unpaid service fees amounting to EUR 478,663.42.

The arbitration tribunal is due to issue its preliminary decision in March 2018, where Z.T. Enerji’s claims will either be dismissed or advanced to full proceedings. Only if the claims proceed, will we become aware of the specifics of Z.T. Enerji’s claims and the amounts claimed in any statements of claim filed. At the earliest, this could be mid-2018.

In the absence of any justification or supporting evidence, we currently consider Z.T. Enerji’s claim to be speculative and without merit.

Outside of the formal legal process, Z.T. Enerji has suggested that its claim is potentially valued at USD 20 million. We have no reason to believe that there is any basis for this suggestion.

*See “Risk Factors—Risks related to our business—Any technical deficiencies in our wind turbine systems could adversely affect our business, financial condition, cash flows, results of operations and existing and future orders. Due to technical defects in wind turbines supplied by us, warranty claims or other defect liability claims may be asserted” and “Risk Factors—Risks related to our business—The risk of litigation is inherent in our operations. Some of our pending litigation may have an adverse outcome.”*

## RISK FACTORS

*In addition to the other information contained in this Company Report, you should carefully consider the following risk factors. The risks and uncertainties we describe below are not the only ones we face. Additional risks and uncertainties of which we are not aware or that we currently believe are immaterial may also adversely affect our business, financial condition, cash flows and results of operations. If any of the possible events described below were to occur, our business, financial condition, cash flows and results of operations could be materially and adversely affected.*

*This Company Report also contains forward-looking statements that involve risks and uncertainties. See “Forward-Looking Statements.” Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Company Report.*

### **Risks related to our industry and its regulation**

***Our industry is subject to a changing regulatory environment relating to renewable energy sources, including wind energy.***

Historically, financial incentive schemes or public grants have been offered by governments to the owners of renewable energy systems including wind energy. Such incentives have often been provided primarily through preferential tariffs or regulated feed-in tariffs (“**FITs**”) on power generated by renewable sources, including wind turbines or tax incentives for promoting investments in wind energy. Such support has been a significant factor in encouraging investors to invest in wind energy, and ultimately to purchase our products.

However, many countries are increasingly replacing fixed FITs with an auction model for awarding support benefits to wind energy projects, or may seek to scale back, amend or eliminate these government incentives. In the past, the decrease in, or elimination of, direct or indirect government incentives for renewable energy, including wind energy, has often had a negative impact on the respective market for wind energy. Sudden changes to existing government incentive schemes in the markets in which we operate can create significant uncertainty in the industry and in certain cases have disrupted the market for renewable energy, sometimes resulting in substantial adverse impact on the share of wind power in the energy mix of that country. Recent examples of significant negative impacts on national markets due to changes in or decrease of incentives are Spain in 2013 to 2015 and more recently Germany by the implementation of auction-based mechanisms in 2017. If government support for wind energy is terminated or reduced in any jurisdiction which is material for our business, our financial condition, cash flows and results of operations may be materially adversely affected, including our ability to convert signed contracts into firm orders.

Additionally, the UK government has committed to end government support for established renewable technologies, including onshore wind and changed planning laws so that local communities have a right to veto onshore wind farm planning applications. The Secretary of State for Energy and Climate Change (since July 2016 known as the Secretary of State for Business, Energy and Industrial Strategy) confirmed in June 2015 that new onshore wind-generation projects would no longer be eligible to benefit from the Renewables Obligation (“**RO**”) after April 1, 2016, while most other renewable technologies retained eligibility for an additional year. However, the RO was closed to all new generating capacity from March 31, 2017. The current form of support for eligible renewable technologies is contracts for difference (“**CfD**”). When the budget for the second CfD allocation round was announced in November 2016 (the second round being for delivery years 2021/2022 and 2022/2023), onshore wind (together with other more established renewable technologies) was not eligible to compete for a share of that allocation. The auction allocations were announced on September 11, 2017. Ineligibility of onshore wind for CfD may have a negative impact on the onshore wind market in the UK. Furthermore, in July 2017, the UK government overturned plans for what would have been England’s largest onshore wind farm. However, in October 2017, energy ministers indicated that new onshore wind projects could return to play a more prominent role in the UK’s renewable energy market depending on whether the costs thereof are competitive and provided such projects win the support of local communities.

The expiration and curtailment of the United States Renewable Energy Production Tax Credit (“**PTC**”), originally scheduled for December 31, 2013, caused a significant contraction of newly commissioned wind capacity in 2013 in the United States. The PTC has been extended multiple times and allowed to expire multiple times, thereby increasing uncertainty for our customers, which can lead to decreased demand for our wind turbine systems. In December 2014, the PTC was extended retroactively by one year to cover wind projects



commissioned in 2014. Then in December 2015, the PTC was extended for wind facilities commencing construction by December 31, 2019, with a phase down beginning for projects commencing construction after December 31, 2016. The current U.S. administration has indicated support for fossil fuel based energy and does not appear to intend to continue supporting the expansion of renewable energy, including wind power. For example, in August 2017, the United States government indicated its desire for the United States to withdraw from the Paris Agreement. Should the U.S. administration completely abandon its support of renewable energy or its investment in the market, our business may be negatively affected.

Furthermore, governments may continue to seek to alter the ways in which their incentives are provided. Historically, in many countries, the subsidies paid to renewable energy providers are funded by taxes or surcharges levied on the consumer's energy bill; for example in Germany, with the German Renewable Energy Act, as amended, which created the so-called "EEG" surcharges. Recently, consumer pressure has caused policymakers to review and revise the manner in which incentives are awarded in the renewable energy sector. As a result, governments are moving away from the more generous fixed support regimes towards market-based auction models where competing developers engage in competitive bidding and the one willing to accept the lowest level of incentives will be awarded a project. See "*—Our industry is subject to risks of changing governmental policies regarding auctions*" below.

For example, the German incentive system has moved from the preferential FIT system to an auction based system from 2017 onwards. This change in subsidies is likely to reduce margins and returns for our customers and might further intensify price pressure and competition for our industry. Furthermore, in connection with introducing auctions, governments may cap the total amount of new wind capacity installations over a particular period similar to a cap recently enacted in Germany pursuant to which total annual new installations are capped at 2,800 MW from 2017 to 2019. There was no ceiling under the previous FIT system. Germany recently reduced the FIT that was available for and incentivized wind power. In May 2017, the German government released a draft bill whereby wind and solar tenders will compete in a joint auction process from 2018 which will result in direct competition between wind and solar power. In France, a new order decree (*arrêté*) was passed on April 24, 2016, which is shifting the current support mechanism for larger projects to competitive auctions by 2018. The French regulatory system was overhauled in the first half of 2017. Under the new regulations, smaller projects (of six wind turbines or less) still benefit from a feed-in-premium ("FIP") mechanism in the amount of between EUR 72/MWh to EUR 74/MWh; however, we expect that is a comparably high remuneration and we believe it to decrease significantly once France introduces auctions for smaller projects. All other projects in France must compete in an auction process, where price per MWh is the sole selection criteria (with the limit being set at EUR 74.8/MWh). In India, the government has instituted FITs via the National Tariff Policy, although the exact tariff varies from state to state. The divergence is considerable, with the 2017 auctions yielding low tariffs. In February 2017, the winning bids at the auction held by the Solar Corporate of India were 3.46 INR/kWh, and the first auction held by New Delhi, in August 2017, yielded a record low tariff of 3.42 INR/kWh with bids totaling a capacity of 950 MW. The New Delhi government postponed the second wind power auction (for 1 GW capacity), originally scheduled for September 19, 2017, until October 4, 2017. The winning bids at this second auction yielded a new record low of 2.64 INR/kWh. Consequently, in India several states are considering whether to continue with FITs, and it has been reported that states are asking power utilities not to execute any new power purchase agreements with wind energy developers subject to FITs. It is anticipated that going forward, government policy in India may be less favorable to wind energy. Turkey also has a fixed FIT for facilities that are operational by December 31, 2020. However, in 2017, the first auction for wind energy was held in Turkey, yielding record low prices. See "*—Our industry is subject to risks of changing governmental policies regarding auctions.*"

In addition, there is a risk that government policies could change in a manner that makes it less attractive for investors to establish community led energy projects, and wind energy projects in particular. Furthermore, as a result of continuing fiscal concerns, some governments have applied retrospective tariff measures in the renewable energy sector, which have negatively affected the level of wind power installations. Additionally, a delay in obtaining the permission to construct a wind farm or restrictions imposed by the respective authority may negatively impact our business. If the type of government support offered for wind energy is altered in any jurisdiction in which we operate, there could be a material adverse effect on the demand for our wind turbine systems and services.

Changes in regulations could lead to a period of uncertainty regarding the application of any new rules. This uncertainty could negatively affect our order intake and order book, for example, due to reluctance of customers to invest in new wind projects or participate in tenders. Changes in the regulatory framework could also adversely affect projects for which contracts have already been signed with a customer, potentially requiring

renegotiation of signed contracts or resulting in cancellation of contracts, and could affect our order book. In addition, changes in the regulatory framework might cause our market share to decline in the various markets in which we operate or are planning to enter. If any of these uncertainties or risks materialize, they may have an adverse effect on our business, financial condition, cash flows and results of operations.

***Our industry is subject to risks of changing governmental policies regarding auctions.***

Historically, our customers have benefitted from government subsidies and other support mechanisms to promote electricity generation from renewable sources. More recently, governments in some of our key markets are moving away from fixed support regimes for renewable energy generation towards market-based auction models where a number of competing developers submit bids for projects, with awards based on the lowest entry price and the lowest level of incentives required for the project. Governments have started shifting towards auction models in Germany, Turkey, France, Spain, the United Kingdom, India, and certain countries in Latin America, all locations in which we have a presence.

The first onshore wind auction held in Germany was in May 2017. See “—*Our industry is subject to a changing regulatory environment relating to renewable energy sources, including wind energy.*” These auction models pose a number of risks to our business. Following the introduction of market-based auction models in certain of our markets, and as a result of intense price competition among developers to win projects, the price of energy has significantly decreased in those markets. The average price of the winning bids at the first auction in Germany in May 2017 was EUR 57.1/MWh which decreased to an average price of EUR 42.8/MWh for the winning bids at the second auction in Germany which took place in August 2017 and decreased to an average price of EUR 38.2/MWh for the winning bids at the third auction in Germany which took place in November 2017. In the latest auction held in Spain in May 2017, the price winning bid was for an average of EUR 43/MWh. In 2017, Indian states began an auction process for wind energy. These auctions were “reverse auctions”, whereby a maximum price is set and bids must be either equal to or lower than the maximum price. The first auctions yielded low tariffs. In February 2017, the winning bids at the auction held by the Solar Corporate of India were 3.46 INR/kWh, and the first auction held by New Delhi, in August 2017, yielded a record low tariff of 3.42 INR/kWh with bids totaling a capacity of 950 MW. The New Delhi government postponed the second wind power auction (for 1 GW capacity), originally scheduled for September 19, 2017, until October 4, 2017. The winning bids at this second auction yielded a new record low of 2.64 INR/kWh. A reverse auction was also held in Turkey in August 2017 with a ceiling price of 0.07 USD/kWh. This is just below the current ten year FIT base price of 0.073 USD/kWh. The auction also imposed proof of local value creation (“**Local Content**”) requirements, including the establishment of a local wind turbine factory, and a requirement that the majority of the workforce employed must be local. The winning bid offered a price of 0.0348 USD/kWh.

A significant drop in the price of energy across key markets in which we operate is likely to reduce margins and returns for our customers and will further intensify price pressure and competition for our industry. This places increased importance on reducing the CoE for our wind turbine systems. If we fail to reduce the CoE for our wind turbine systems, this could lead to our Projects being less competitive in the context of an auction process, which in turn could significantly affect our business, financial condition, cash flows and results of operations. Furthermore, as a result of competitive pricing pressure, projects that are subject to auctions may not be financially viable or may require larger investments.

At each of the May, August and November 2017 auctions held in Germany, community wind farms (*Bürgerenergiegesellschaften*) were the most successful bidders. In the third German auction in November 2017, community wind farms were awarded 99 per cent. of the capacity auctioned, compared to 95 per cent. in the second auction in August 2017, and 96 per cent. in the first auction in May 2017. The auction rules are more preferential to these community wind farms; for example, no federal emission law permits are required for community wind farms as a prerequisite for participating in the auction and they benefit from a longer realization period (i.e. until commissioning) of 54 months instead of the regular 30 months. It is not known whether these winning projects will reach commissioning stage and, particularly, if they will obtain the federal emission law permit, even within the longer realization period of 54 months. It is therefore unlikely we will receive any significant orders from these community wind farms from the auction rounds this year or in 2018.

The German government has responded to criticism of the definition of community windfarms and the preferential treatment afforded to them, and has begun to amend the rules for future auctions. For example, as a first step the community wind farms will now need to have federal emission law permits in place if they want to participate in the first two auction rounds in 2018. The third auction in November 2017 brought the total awarded capacity in 2017 to 2,820.4 MW (*Source: Bundesnetzagentur, 2017*), which meets the annual expansion rate of 2,800 MW targeted by the German government.

Auctions have been in use in Brazil since 2004, with the first wind exclusive auction being held in 2009. Brazil's Ten Year Energy Expansion Plan 2026 contains ambitious targets for the expansion of onshore wind in Brazil. However, in 2016 the Brazilian government cancelled its only reserve auction for wind and solar due to an unexpected power oversupply in the country, and in August 2017, Brazil's energy agency, *Agência Nacional de Energia Elétrica*, cancelled 16 wind farm projects with a combined capacity of 307.7 MW in its first ever de-contraction auction. This was due to a large number of projects that contracted between 2014 and 2015 in reserve energy auctions remaining unbuilt and becoming idle.

Moreover, as auctions become more widespread across our markets, to create economies of scale and cope with rising cost pressure, projects may grow in size but decrease in numbers, which will increase the size of our customers' orders and in turn increase our customer concentration as fewer customers will place larger orders. Should we be unable to meet our customers' specification or technological demands or should we be unable to supply the required wind turbine systems in time or at all, we might lose larger projects and customers which in turn could have a negative effect on our business, financial condition, cash flows and results of operations. Additionally, we might be required to team up with another developer or join a consortium in order to win at an auction or supply our customers, which could require us to accept joint and several liability for new, large-scale projects, particularly where auctions also impose Local Content requirements. For example, at the Turkish auction in August 2017, due to Local Content requirements, the winning bid comprised of a consortium of Siemens Gamesa Renewables and Turkish firms Kalyon Enerji and Turkeler Holding. Should our business partners fail to deliver on their part of the project, or should we be unable to otherwise meet our customer contracts, we may become liable for expenses or other costs, including damages, which could have a significant effect on our business, financial condition, cash flows and results of operations.

In certain markets, including Germany, India and Brazil, we may be required to compete with different sources of energy at auctions and we and our customers may fail to win a sufficient number of auctions, or any at all, if the projects we and our customers are competing against rely on less expensive sources of energy than us. Governments may also decide to cancel or delay auctions (as for example in 2016 in Brazil), or we may not be successful in winning a sufficient number of orders through auctions or at all, and, as a result, our order intake may vary from year to year and significantly fluctuate. The introduction of auction based models in our markets may result in increased volatility in orders for our wind turbine systems, and could lead to a decrease in the number of overall wind turbines sold should our customers fail to compete successfully at auctions. As a result of any of the foregoing our business, financial condition, cash flows and results of operations may be negatively affected.

***The market for our wind turbine systems is highly competitive.***

The market for wind turbines is highly competitive. Important factors affecting competition for wind turbines include their price, performance, reliability track record and quality, their suitability for specific project sites, the scope and quality of services offered in conjunction with the sale of our wind turbine systems, the training offered to customers and the availability of regulatory incentives. In addition, our product development focuses on reducing CoE for our customers in order to make our wind turbine systems efficient and competitive. See *“—Risks related to our business—Our development of new products might not be successful, may fail to deliver the expected returns, may be delayed and/or may incur higher than expected costs.”* Any deterioration in our competitive position with respect to any of these factors could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Furthermore, competition in the industry has intensified in recent years as a result of international expansion by existing industry participants, consolidation and market entry by new entrants and technical innovation. Should our competitors consolidate further, through acquisitions, joint ventures, cooperative agreements or otherwise, we may have difficulty competing with them. Large industrial groups that compete in the market, such as General Electric (“GE”), SiemensGamesa Renewables and Vestas benefit from a higher capital base and cross-financing through affiliated companies, resulting in less expensive financing and providing increased resilience against economic fluctuations. Furthermore, for our customers, particularly for large projects, the wind turbine supplier's capital base, financial position and availability of guarantees are a significant competitive consideration. Our competitors may be willing and able to spend more resources on product development, or may be able to provide comparable turbine products and services faster or at a lower price than we can do sustainably. For example, competitors from other regions, such as China, could attempt to enter the European market with less expensive wind turbine systems and products. In addition, the market for our wind turbine systems includes an increasing number of large utilities which tender wind farm projects of large sizes and request wind turbine suppliers to conform to bidding processes prescribing both bespoke technical and commercial terms. We might



not have sufficient capacity to react in time and to adequately comply with such demands of bidding processes and contractual terms. The inability to comply with such demands may result in us not being considered as a preferred wind turbine supplier and not gaining expected sales. Growing competition could result in a decline in our market share and negatively impact our order intake or force us to reduce the prices of our wind turbine systems and services, which may reduce sales, margins and cash flows.

***Competition from alternative renewable energy sources and new technological innovations in the renewable energy sector may result in a reduction of government support and market share for wind power.***

Wind power is not the only available source of renewable energy. Several other types of renewables are available, such as photovoltaic, thermo-solar, modern bio-energy/biomass, hydroelectric power, geothermal, tidal, biofuel and nuclear – all of which are in competition for government support. If governments were to grant more attractive support incentives or mechanisms for other renewable energy sources, this could reduce the competitiveness of wind power. For instance, Germany recently reduced the FIT that was available for and incentivized wind power, and, in May 2017, the German government released a draft bill whereby wind and solar tenders will compete in a joint auction process from 2018 which would create direct competition between wind and solar power. Competition from alternative renewable energy sources may result in comparable reductions in government support programs if support is allocated to alternative forms of renewable energy. For instance, the government of India has set much higher targets for solar power than for wind, and consequently the solar sector enjoyed a substantial increase in activity, resulting in an overall decrease in the price of solar power and a sharp decrease in the cost difference between wind and solar power generation. Reduction in or elimination of government support or changes to current provisions of the law which favor alternative renewable energy sources may have a substantial adverse impact on our business activities, financial condition, cash flows and results of operations.

New technological innovations in the renewable energy industry, which lead to other forms of renewable energy, such as solar or biomass as energy sources, emerging as more cost competitive, may reduce the market share of the wind technology, adversely affecting the future growth prospects of the wind energy industry in general and our prospects in particular. Technological innovations in alternative forms of renewable energy that result in such alternatives becoming cheaper or more attractive may thus reduce demand for wind power, and consequently this may have a substantial adverse impact on our business activities, financial condition, cash flows and results of operations.

***The viability and level of wind energy generation is dependent on wind patterns, which are not constant and vary over time and may be subject to increasing extreme weather conditions due to climate change.***

The viability of wind energy projects is primarily dependent on the wind patterns at project sites conforming to the patterns expected or projected by owners or previously recorded to determine the suitability of these sites for wind energy projects. There can be no assurance that wind patterns at a particular site will remain constant or consistent with our projections. A lack of appropriate sites with favorable wind conditions or changes in wind patterns at sites that have been previously identified as suitable for wind energy projects could impact the demand for wind turbines generally. Furthermore, wind turbine specifications must be suitable for the wind conditions expected at a particular site. Therefore, unavailability of locations that are suitable for the wind turbines we offer would have a negative impact on our sales and thus materially adversely affect our business, financial condition, cash flows and results of operations. For example, extraordinary wind conditions, such as severe storms, may increase due to climate change and may affect the viability and predictability of wind production, as wind turbines automatically shut down in such situations. This uncertainty may make it less attractive for our customers to invest in new projects.

***Wind energy is an intermittent source of electricity and faces the risk of substitution.***

Due to its intermittent availability, wind energy is generally not considered a viable base load source of electricity. As such, it introduces volatility on the grid, which needs to be absorbed by other energy sources that can ramp up production when electricity produced by wind is low. As a result, the share of the electricity production that can be achieved from wind is currently deemed to be limited. This means that, while demand for wind energy is expected to increase, it appears unlikely in the foreseeable future that it will be considered a large scale substitute for nuclear or fossil fuel generated power and for renewable energy from more reliable sources, such as hydro power. In addition to energy produced from other renewable energy sources, principally solar and hydroelectric power, the main competition to wind power is conventional power generation fueled by gas, coal and nuclear. For example, the abundant, easy availability of shale gas in the United States, has resulted in low wholesale electricity prices, which, in turn affects the price competitiveness of wind energy in the United States.

***If the costs of generating energy from other sources of energy were reduced, this may entail a significant competitive disadvantage for wind energy generation, potentially resulting in lower demand for our wind turbine systems.***

Price trends for energy sources other than wind may affect the competitiveness of wind energy in general, and therefore the demand for our wind turbine systems. One factor affecting demand for wind turbines is the cost of the energy wind turbine systems generate compared to energy from other sources. Aside from other renewable energy sources, especially solar and hydro power, wind power is also in competition with gas, coal and nuclear fueled power generation and the most prominent benchmark in the energy sector is CoE. For instance, discovery of a previously unknown source of oil or natural gas or invention of a new energy generation technology may cause the CoE to fall. A sharp drop in the price of traditional energy sources, such as fossil fuels, may have an adverse impact on the competitiveness of renewable energy sources, and thus also on wind power.

A reduction in the CoE from other sources may therefore directly decrease demand for wind power. For instance, in the past, high fossil fuel prices have significantly boosted the competitiveness of wind power prices. However, despite a stabilization in the price of oil in 2017 – principally as a result of the Organization of the Petroleum Exporting Countries (“OPEC”), together with certain oil exporting countries outside OPEC (particularly Russia), agreeing to reduce crude oil exports with a view to limiting excess supply and reversing the decline in prices that began in mid-2014 – it is possible that oil prices could decline again, for example due to technological advances in petroleum extraction, as in the case of fracking, or as a result of the excess supply of crude oil.

Any reduction in the CoE from other sources may result in a decreased demand for our wind turbine systems. If any of these risks materialize, this may have a substantial adverse impact on our business activities, financial condition, cash flows and results of operations.

***We may not recover the costs incurred in relation to our project development activities.***

The preparation involved in determining whether a project is feasible, economically attractive or capable of financing may require us in certain circumstances to expend material sums. Project development activities may not be successful and we may not recover the costs incurred in connection with these activities. In connection with the development of a new (greenfield) project, we must generally obtain governmental permits and approvals, overcome local opposition (if any), as well as negotiate land purchase or leasing agreements, equipment procurement and construction contracts, operation and maintenance agreements, supply and transportation agreements, and provide sufficient working capital financing. However, we cannot be assured that any particular project will be economically feasible. If we are unable to complete development of a project we may not be able to recover the costs incurred in respect of that project, which could, in turn, adversely impact our business, financial condition, cash flows and results of operations.

***The demand for wind energy projects is generally dependent on economic conditions.***

The demand for electricity in any given country is generally linked to economic growth. As the economy grows, economic activities such as industrial production and personal consumption also tend to grow, which increases the demand for electricity. Conversely, in economic downturns, economic activities decline or stagnate, causing demand for electricity to decrease. As a result, during economic downturns or recessions in any of the markets in which we operate, demand for electricity, including the demand for renewable energy sources such as wind energy, is likely to stagnate or decrease.

Additionally, challenging macroeconomic conditions could contribute to a decline in demand for wind turbine systems that require sizeable initial capital expenditures. A wind turbine system project typically represents a substantial investment, for which our customers are generally required to obtain financing. Any increase in market volatility and liquidity disruptions in the global financial system could make it difficult for our customers to borrow funds for new projects. The financing available to our customers has a significant impact on whether and when our customers will proceed with the development of wind power projects and purchase our wind turbine systems and services. As a result, an economic downturn that affects any of our operating markets would have a material adverse effect on our business, financial condition, cash flows and results of operations.

Constant concerns over slow economic growth, instability in credit and financial markets and low consumer confidence in many markets could put additional pressure on the global economy. The dependence of our business and our customers on access to financial markets, and the continuing instability and a feared further deterioration in the economic environment could affect our ability to secure new orders for our wind turbine

systems. In addition, a lack of liquidity could cause our customers to go into operational default or into insolvency, or render them otherwise unable to meet their contractual payment obligations. See also “—We face credit risk in relation to payment by our customers.”

***Volatility and instability in global capital and credit markets as well as significant developments in macroeconomic and political conditions that are beyond our control could have an adverse effect on our business, financial condition, cash flows and results of operations.***

Our industry may be affected by a number of factors that are beyond our control such as general macroeconomic conditions, conditions in the global capital and credit markets, geopolitical conditions and other general political and economic developments. Volatility in the financial markets, including in the capital and credit markets, the European sovereign debt crisis and any economic slowdown or uncertainty in the markets in which we operate, in particular in Germany, could have a negative effect on our business.

Sovereign debt defaults and European Union or Eurozone exits could have a material adverse effect on us by, for example, impacting the cost and availability of credit to us and causing uncertainty and disruption in relation to financing, the sourcing of components necessary to build or service our wind turbine systems and subsequently our ability to fulfill our contractual obligations.

The United Kingdom’s initiation of the process to withdraw from the European Union pursuant to Article 50 of the Treaty of the European Union following the national referendum in June 2016 has created significant uncertainty about the future relationship between the UK, one of our core current markets based on cumulative installed capacity (1.5 GW, in the twelve months ended September 30, 2017), and the EU and its remaining member states. The withdrawal could, among other outcomes, disrupt the free movement of goods, services and people between the UK and the EU, undermine bilateral cooperation in key policy areas, significantly disrupt trade between the UK and the EU and cause political and economic instability in other countries of the EU, including in our German and Spanish core markets. Given the lack of comparable precedent, it is unclear what financial, trade and legal implications the UK’s exit from the EU will have and whether, and to what extent, our business might be affected.

Germany held federal elections on September 24, 2017, confirming the Christian Union (CDU/CSU bloc) as the largest party in the Bundestag, and its leader, Chancellor Angela Merkel, to a fourth term in office. However, the results also saw gains for the right-wing Alternative für Deutschland, which is now Germany’s third largest party. The CDU/CSU bloc has since been in talks with prospective coalition partner, the Social Democratic Party, with both parties expressing optimism about forming a new government. A failure to form a governing coalition in Germany may result in new elections being called or a minority administration being formed. Moreover, any further delay in forming a governing coalition may increase market uncertainty, and political change in any or all of the markets in which we operate, may have a negative effect on the support for renewable energy and on our business as a whole.

The Spanish economy faces challenges due to uncertainty surrounding Catalonia’s independence movement. On October 27, 2017, the regional parliament of Catalonia approved a unilateral resolution creating an independent republic in violation of the decisions of the Constitutional Court of Spain. The resolution of independence has not been recognized by the international community. Following the independence resolution, the Spanish Prime Minister announced the dissolution of Catalonia’s parliament and the removal of the Catalan president, the implementation of direct rule by the central Spanish government and elections for the regional parliament of Catalonia on December 21, 2017, in each case, in accordance with the Spanish constitution. Following the regional elections held on December 21, 2017, no single party holds an outright majority, although parties supportive of Catalan independence continue to control a combined narrow majority. It is expected that it could take months to substantively form a new Catalan government. The increased political uncertainty in Spain is expected to reduce Spain’s growth and to impact its economic recovery and any further escalations may further increase market uncertainty.

Furthermore, slowdowns in markets outside of Europe could impact global economic conditions. For example, the Chinese economy, which was previously particularly resilient to adverse developments in other countries, slowed significantly in 2016 due to a contraction in its industrial output, the cost of a significant economic stimulus package following the 2008 financial crisis, and unsustainable growth rates. The growth of the Chinese economy may further decelerate or reverse into a recession which could in turn adversely affect the global economy as a whole. Any of these developments may adversely affect financial markets and, therefore, our ability to finance our operations. Any shortage of liquidity and credit could trigger a worldwide economic

recession, which could be exacerbated by adverse developments in global or national political and macroeconomic conditions. Any deterioration in financial markets could impair our ability to obtain financing in the future, including our ability to incur additional indebtedness. If conditions in the markets in which we operate or the global economy weaken, this could adversely impact our business, financial condition, cash flows and results of operations.

If the credit, macroeconomic or political conditions in the markets we operate in or the global economy weaken, this could adversely impact our business, financial condition, cash flows and results of operations.

***The construction and operation of wind turbines is regulated.***

Wind turbines emit noise, light effects (from shade and from reflection of sunlight off spinning rotors) and pieces of ice in cold weather. In addition, wind turbines have not been fully accepted as part of the landscape, particularly by inhabitants of residential areas in the vicinity of wind turbines. See “—*Risks related to our business—The construction and operation of wind energy projects has faced opposition from local communities and other parties in the past and could encounter similar opposition in the future.*” These considerations are particularly relevant to the land-constrained markets (for example, in Europe) to which we sell our products to. The construction and operation of wind turbines is regulated by the state in all of our markets, especially with regard to permitted noise levels, required distances from other structures or dwellings and the permissibility of construction projects in undeveloped areas. Due to these regulations and the intermittent availability of wind in the different regions, only a limited number of suitable sites are available for operation of wind turbine systems. Future changes to these general legal conditions cannot be ruled out. Changes of this kind may result in a further decrease in the number of suitable sites or projects for which we can offer wind turbines. This may limit investment opportunities for operators of onshore wind projects and as a result reduce our accessible market. Accordingly, any developments of or similar to this kind may have a substantial adverse impact on our business activities, financial condition, cash flows and results of operations may be negatively affected.

In the development of wind farm projects it is necessary to secure suitable operating sites in a timely manner, such as by prior purchase of new land parcels or the conclusion of lease agreements. Limitations in our ability to secure suitable operating sites may result in lower demand for our wind turbine systems from our customers, and have an adverse impact on our project development activities. Difficulties in the search for new parcels of land available for purchase or lease may have a substantial adverse impact on our business activities, financial condition, cash flows and results of operations may be negatively affected.

***The terms of financing that our customers can obtain for wind energy projects have a significant influence on our ability to sell our wind turbine systems.***

Most customers require bank financing to buy our wind turbine systems, and, therefore, the financing terms available in the market have a significant influence on the wind energy industry.

The 2008 financial crisis adversely impacted the ability of our customers to raise finance, at a time and for several years following, and effectively ended syndicated lending for limited or non-recourse project finance, which our customers had generally relied on. Without being able to negotiate with a single bank representing a syndicate, customers were not able to raise the funds required to secure the long-term financing of their wind energy projects within the originally expected timeframes, if at all. Certain banks significantly scaled back their capacity to finance, or backed away altogether, from financing wind or renewable energy projects. Reduced access of customers to finance adversely impacted sales across the industry with sales declining as the execution of projects was delayed or abandoned. Currently, banks are again extending project based non-recourse financing. However, if this trend is reversed, it would negatively impact the demand for wind energy. Higher interest rate levels will increase the costs of investing in wind energy, making wind energy a less attractive investment proposition. As a result, our customers assume a higher degree of risk regarding upward interest rate movements in the event a project requires refinancing.

The ability to obtain financing for a wind energy project also depends on the willingness of banks and other financing institutions to provide loans to the wind energy industry participants, including their willingness to finance large wind energy projects. Banks and other financing institutions may decide to reduce their exposure to the wind energy industry or to one or more suppliers of wind turbine components as a result of an increase in political instability, an increase in market volatility or liquidity disruptions in the financial system. If banks and other financing institutions decide to reduce their exposure to the wind energy industry or to one or more suppliers of wind turbine components or credit and liquidity conditions worsen, customers may reduce, delay or



forgo orders which would harm our business. Factors having a negative impact on the financing terms for wind energy projects therefore influence our ability to sell our wind turbine systems and could materially adversely affect our business, financial condition, cash flows and results of operations.

***The construction and operation of wind energy projects has faced opposition from local communities and other parties in the past and could encounter similar opposition in the future.***

The construction and operation of wind energy projects rely on the acceptance and support of the local communities in which the projects are located. In a number of countries wind energy projects have faced strong opposition from the local communities where they are located, as well as from special interest groups. Wind turbines emit noise and thus may cause noise pollution in their surroundings and wind turbines may be considered aesthetically unappealing by some. In all markets, but specifically in land-constrained markets such as Germany and the United Kingdom, operators of wind farms have to observe noise restrictions and other requirements including in connection with public health and safety.

Noise pollution includes both sound of the wind turbine systems and the tonality of the noise. We cannot accurately test for the levels of noise pollution caused by a wind turbine at a specific location prior to its installation, as sound and tonality will change depending on the location of the wind turbine, the site's topography and its surroundings and can also be amplified by the wind turbine system itself. In some cases, such issues may reduce the range of wind speeds in which our wind turbines can operate and, to the extent we do not meet certain warranted noise levels we may have to compensate our customers for the diminished use of their wind turbine systems. In addition, wind turbine systems also emit light effects (such as rotating shadows and reflected flashes of light from the rotor blades when the sun is shining) and can cause ice throws in winter. In some jurisdictions, we are required by law to install mechanisms in our wind turbine systems to measure and regulate the amount and duration of shadow flicker caused by the wind turbine systems. In Germany, for example, the law requires that the shadow cast by wind turbine systems must not affect residential buildings for more than 30 hours per year, nor by more than 30 minutes per day. Environmental permits required for the installation of our wind turbines in Germany in certain cases require that the turbines be equipped with an automatic shutdown mechanism programmed to adhere to these limits.

In addition, certain environmental organizations have expressed opposition to wind farms based on allegations that wind farms affect weather patterns, kill birds and have other adverse effects on the environment. Wind farms also are sometimes regarded as detrimental to the beauty of the local environment, particularly by residents of neighboring residential areas. Laws and other regulatory measures govern the construction and operation of wind turbines. New or expanded legislation regulating wind energy projects may impose additional restrictions which could lead to significant constraints on the growth of the wind energy industry as a whole. Securing suitable sites for wind farms by entering into land use agreements or by acquiring land owned by third parties is of increasing relevance for the realization of new onshore projects and our further project development business. Difficulties in identifying new land that can be leased or purchased from third parties may materially affect our future project development sales. Any of these factors could have an adverse effect on our business, financial condition, cash flows and results of operations.

***During construction of a wind turbine, ownership of the turbine may be transferred to the owner of the land, without us receiving any payment or granting approval for this.***

We typically build wind turbines for our customers on parcels of land owned by third parties. If these wind turbines or farms are permanently attached to the ground, there is a risk under German law, as well as in other jurisdictions, that ownership of the wind turbines or farms may be transferred to the owner of the parcel of land. This transfer of ownership may occur by operation of law regardless of contractual agreement and whether or not payment for the product has been made.

This also applies to wind farm projects if the operator is not the owner of the parcel of land. These cases also involve a risk that the wind turbine can no longer be used as collateral for project financing, potentially resulting in the financing bank withholding the loan amounts and our customer being unable to fulfill their contractual obligations. See also “—We face credit risk in relation to payment by our customers.” Moreover, we may not be entitled to a lien (in the form of title retention) or any similar right in such instances.

If these risks materialize, this may have a substantial adverse impact on our business activities, financial condition, cash flows and results of operations.

***We could be subject to risks in connection with our wind turbines' ability to connect to power grids.***

The connection or access of wind turbine to a power grid is essential when it comes to generating electricity. There are statutory rules and regulations which govern the connection or access of our wind turbine systems to the power grid in all of the markets where we operate. Should we or our customers fail to timely obtain a connection or access to the grid operators' transmission grids on economically reasonable terms and enter into an agreement (whether on a statutory or contractual basis) concerning the purchase of the electrical energy generated, this could have a material adverse effect on our business, financial condition, cash flows and results of operations.

In light of the significant numbers of wind turbine systems and the fact that the electrical energy fed in by the turbines depends on the local wind conditions, single grid operators or energy suppliers increasingly require compliance with technical rules that our wind turbines must meet in order for them to be allowed to connect to the grid. This is done with a view to ensuring that grids are safe and stable and that there is sufficient supply. There is, therefore, a risk that our wind turbines might technically be unable to meet these requirements, thus being unmarketable. If these requirements are not sufficiently met in the future with respect to our wind turbine systems, this could have a material adverse effect on our business, financial condition, cash flows and results of operations.

### **Risks related to our business**

#### ***Falling order volumes in our largest market, Germany.***

In the twelve months ended September 30, 2017, our largest market in terms of our sales was Germany. In terms of installed capacity, our market share in Germany was approximately 15.5 per cent. as of December 31, 2016 (*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update*).

The compound annual growth rate ("CAGR") of new capacity (including the replacing of older sources with new ones) in Germany is expected to decrease by 11.4 per cent. from 2017 to 2020, and projected annual installed capacity is expected to drop from 5.0 GW in 2017 to 3.5 GW in 2020 (*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update*). This decline is principally due to the introduction of auctions in Germany. See "*Risks related to our industry and its regulation—Our industry is subject to risks of changing governmental policies regarding auctions*" above.

As a result of changing governmental policies regarding auctions in Germany (described under "*Risks related to our industry and its regulation—Our industry is subject to risks of changing governmental policies regarding auctions*" above), we expect that order volumes in Germany in the short term will significantly decrease, which is likely to lead to a material decrease in sales from this key market. We expect sales in Germany to decline by approximately EUR 600 million in 2018 compared to 2017. There can be no assurance that growth in other markets will be sufficient to compensate for this decline. If they do not, or if our sales do not recover in the German market over the course of the next two to three years, as we currently expect, this may materially impact our financial condition, cash flows and results of operations.

#### ***A significant drop in the price of energy is likely to reduce margins and our CoE reduction initiatives may not be successful.***

A significant drop in the price of energy across markets in which we operate is likely to reduce margins and returns for our customers and will further intensify price pressure and competition for us. This places increased importance on reducing the CoE for our wind turbine systems. If we fail to reduce the CoE for our wind turbine systems, this could lead to our products being less competitive in the context of auctions or otherwise, which in turn could significantly affect our business, financial condition, cash flows and results of operations.

We have introduced initiatives aimed at reducing the CoE of our products. Our CoE reduction initiatives are aimed at increasing the performance of our products and to reduce capital and operational expenditure.

Notwithstanding our investment to reduce the CoE of our products, our CoE reduction initiatives may not yield the results we expect and the CoE actually achieved may not be sufficient to meet the price pressure placed on the wind energy industry. Our CoE reduction initiatives may fail to deliver the CoE expected if, amongst others, planned technical modifications can no longer be implemented, if the product platform may reach the physical limits of its optimization or if we are unable to improve efficiency in our supply chains.



If our CoE reduction initiatives do not yield the results we expect we would not be able to recover the expected benefit from our invested R&D costs and we would become less competitive which may adversely affect our sales and may materially impact our financial condition, cash flows and results of operations.

***The construction of wind turbines and wind farms may incur delays.***

The environments of the wind turbine and wind farm construction sites differ in terms of topography, climate and region for every project we execute or participate in. A technical evaluation and commercial appraisal are conducted prior to project execution. Weather risks may cause deviations from predefined process chains, which could affect scheduled construction and commissioning deadlines. For this reason, it is not possible to rule out additional costs in areas such as crane services, construction services, transport or logistics. Other potential risks include lack of component availability due to delays in deliveries from third party suppliers or capacity bottlenecks with third party supplier companies (including capacities of crane service providers or specialized transport firms) and internal resources. This risk may materialize whenever initial schedules must be adjusted.

In some cases, technical faults or quality defects in individual components only becomes apparent on the construction site, and may require additional or rectification work onsite and/or replacement of components. In addition to causing a delay to the project, this may also entail refusal of or, after remedy of defects, late acceptance of the delivery, and consequently payment from the customer being received later than budgeted. This involves a risk of subsequent compensation payments or purchase price reductions. Project and construction risks may result in unplanned additional costs, and a reduction in the calculated profit of the project.

If any or all of these risks should materialize, this may have a substantial adverse impact on our business activities, financial condition, cash flows and results of operations.

***Any technical deficiencies in our wind turbine systems could adversely affect our business, financial condition, cash flows, results of operations and existing and future orders. Due to technical defects in wind turbines supplied by us, warranty claims or other defect liability claims may be asserted.***

Our business, financial condition, cash flows and results of operations are directly related to the continued technical performance and reliability of our wind turbines and their components. As is common in our industry, the performance of our wind turbines is subject to certain significant technical risks. In addition to standalone technical issues, our wind turbines and their components may be affected by recurring defects.

Wind turbines are complex machines comprised of a number of sophisticated systems, modules and individual components that need to operate in sync and largely autonomously in very diverse environments in order to perform reliably. As such, our wind turbines are subject to various technical risks over their life cycle, the exposure to which varies with the materials and technologies employed to manufacture these components and is highly dependent on the components meeting the required design and quality standards of the product. Deviations from these standards may limit the use of wind turbines supplied by us or may render them inoperable and may necessitate repairs, replacements or full reinstatement, which, in turn, could result in considerable additional expenses for us. These expenses are particularly high in cases of recurring defects affecting a sizeable number of products. The warranties in our sales contracts for our new wind turbines customarily have a duration of two to five years, with any replaced spare parts or components benefiting from up to a further two years of warranty cover from the date of repair or replacement within the warranty or defects notification period. In addition, we typically undertake to provide operation and maintenance services for our wind turbines for extended terms of up to 15 years or more post sale which often includes an unlimited or at least extensive replace or repair obligation for components failing for reasons other than force majeure or owner intervention. Accordingly, for many wind turbines our responsibility for remedial action in case of wind turbine failure often extends beyond the warranty period. Additionally we typically warrant certain performance criteria of our wind turbines such as noise (emission) levels and power curve during the warranty period and, usually in connection with the service contract, the availability of the wind turbines for operation or some other measure of the wind turbines' ability to produce. If we fail to meet these performance criteria we have to compensate our customers for the diminished use of their wind turbines or lost production, which in turn may cause us to incur extremely high unplanned expenses.

For potential costs and customer claims related to technical issues in our products, we recorded general and specific warranty provisions and accruals in the cumulative amount of EUR 188.2 million, EUR 153.3 million, EUR 190.7 million, EUR 83.2 million and EUR 44.4 million as of September 30, 2017, September 30, 2016 and December 31, 2016, 2015 and 2014, respectively. Any such provisions may increase in the future and insurance

coverage or supplier recourse available to us (if any) may not be sufficient to cover all such costs and expenses. In any such event we may be required to pay the amount of damages claimed by customers and/or the cost associated with repair or replacement which could negatively affect our results of operations, cash flows and profitability. Additionally, technical deficiencies, such as the ones described below, could adversely impact our relationship with our customers and have a significant impact on our future orders and sales. Furthermore, we are exposed to the risk of disputes with our customers based on actual or alleged product defects, which could lead to further costs and disruptions to our business.

We have experienced defects in our products in the past. For instance, in the financial year 2015, following a blade failure in a wind farm in Finland, we identified certain deficiencies in a batch of rotor blades of the type NR58.5 sourced from a third-party supplier. A large number of the NR58.5 blades demonstrated bonding weaknesses in the shear web area due to a production fault. Most of these rotor blades, which represented approximately 8 per cent. of its total production to date, were either to be refurbished, repaired or replaced. Expenses incurred in connection with these deficiencies were not limited to the costs of carrying out the necessary repairs and replacements but also included compensation payable to certain customers for the associated delay caused in the construction of their projects and for the unavailability of the wind turbines during the service period. Due to the specific nature of the fault, no insurance cover was available and the claim raised against the supplier resulted only in partial recoveries from the supplier under the terms of the settlement reached.

Between 2013 and 2015, we also experienced quality issues in electrical systems of our Generation Gamma series of wind turbines including, quality issues in the connectors between cables. These issues caused overheating and likely had a part in causing eight wind turbine fires between January 2013 and November 2015. We identified all products offered with the affected electrical system and replaced the connectors and implemented preventative measures to monitor the cable temperatures in our wind turbines.

Furthermore, in 2015 we first observed cracks in the blade bearings of our AW3000-series of wind turbines due to a notch effect caused by high surface roughness primarily affecting the high load areas of the bearing. The problem is confined to an early production batch of bearings with an earlier design that has since changed. The bearings in the affected population of wind turbines are being monitored by regular inspection and, where necessary, reinforcements are applied to contain the fracture. Another example of such deficiencies are cracks in the concrete towers of our AW3000-series of wind turbines which affect a number of wind farms. The cracks are caused by insufficient grouting and a lack of armature in certain areas of the tower segment flanges resulting from a combination of quality issues with the materials employed and the production processes. All affected wind turbines are identified and we expect to remedy the faults by applying reinforcement materials. We also have identified certain deficiencies in rotor blades of the type AW56.7 and AW61.2 that show a delamination and/or debonding in the shear web of the blade. The occurrence is concentrated in two wind farms and we expect to preventatively repair the affected blades over a certain period of time going forward without having to stop the wind turbines outside of regular maintenance downtime. If we have to stop the wind turbines to ensure operational safety, which we cannot rule out, we may incur significant cost for having to compensate our customers for non-availability damages in addition to the expenses expected in connection with carrying out the necessary repairs.

Faults or recurring defects of a similar nature may arise in the future and our assessment of existing and currently identified issues may not be accurate and our provisions may not be sufficient to cover all resulting losses. If we have to adjust our assessment in the course of future developments or if other faults or recurring defects arise, they could materially impact our business activities, financial condition, cash flows and results of operations.

Determining the source of any technical defect or applying the remedy is time intensive and expensive. Furthermore, our customers may potentially not accept proposed solutions or product modifications, as a result of which we could lose orders and projects or may be liable for damages, which can materially impact our business, financial condition, cash flows and results of operations. Any product failure of our wind turbines or wind turbine components or any failure of such products to meet specified performance levels could also damage our reputation and therefore adversely impact the marketability or lifespan of our products. In addition, historically, certain of our customers have withheld payments as a result of actual or potential technical issues and customers may continue to withhold payments in the future in connection with actual or potential technical issues or other commercial concerns. These risks could have a material adverse effect on our business, financial condition, cash flows and results of operations.

We only maintain limited insurance coverage in respect of potential costs and customer claims related to technical issues of our wind turbine systems and have no insurance for financial losses of our customers such as delay or non-availability damages. Our provisions or supplier recourse may be insufficient to cover all such costs. Furthermore, there is a risk of further deficiencies and resulting disputes with customers. Should we not be able to successfully resolve these deficiencies, further legal proceedings could be pursued. Also, technical deficiencies could negatively impact relationships with our customers and future orders and our reputation in general. In certain countries in which we operate, statutes of limitation or specific construction legislation may also contain provisions permitting, in certain types of contracts, a right to bring claims in respect of latent defects that exist at the time of delivery.

There is a risk that we will be unable to pass our resulting damages in whole or in part onto our suppliers. Suppliers may insist on entering into settlement agreements pursuant to which they make a one off payment in respect of serial defects and are as a result discharged from all liability associated with such serial defects. Such one-off payment may not be sufficient to cover all damages payable in connection with the serial defects, which could have a material adverse effect on our business, financial condition, cash flows and results of operations. Additionally, determining the source of any technical defect or providing a remedy is time intensive and may lead to delays in fulfilling or completing customer orders. Our customers may not accept proposed solutions or product modifications, as a result of which we could lose orders and projects, which could have a material adverse effect on our business, financial condition, cash flows and results of operations.

If one or more of these risks should materialize, this may have a substantial adverse impact on our business activities, financial condition, cash flows and results of operations.

***The sale of Services and renewal rate of service contracts may decrease in the future.***

As of September 30, 2017, we had service contracts relating to 67.8 per cent. (approximately 15.2 GW) of our currently installed wind turbines. For the twelve months ended September 30, 2017, our service contract renewal rate represented 80 per cent.

Our sales from Services were EUR 212.0 million, EUR 271.6 million and EUR 310.4 million for the financial year ended December 31, 2015, the financial year ended December 31, 2016 and for the twelve months ended September 30, 2017, respectively. There is a risk that our customers may not renew their service contracts or that competition from other service providers may negatively impact the prices at which we can successfully contract for our services. Furthermore, our new customers may choose not to enter into service contracts at all. Large utility companies have started to move their servicing in-house and may choose not to purchase or renew their service contracts with us. Additionally, other turbine manufacturers, including Vestas, have recently expanded their service capabilities to be able to service turbines from our portfolio while we do not currently service the wind turbine systems of our competitors. Increased competition in the market for the offer of services may affect our sales from Services and will intensify price pressure leading to a reduction in the margin we derive from the sale of Services. A decrease in the sale of Services or the rate of service renewal could have a material adverse effect on our business, financial condition, cash flows and results of operations.

***We are active globally and generate a significant portion of our sales outside the Eurozone. Accordingly, currency fluctuations may have a substantial adverse impact on turnover and profit trends as well as our competitiveness.***

We are exposed to fluctuations in exchange rates as a result of our international operations. Our operations are conducted by entities in more than 50 countries, and accordingly our results of operations are subject to currency translation risk and currency transaction risk. We incur most of our costs in EUR, USD, the Brazilian Real and the Indian Rupee. Our revenue is primarily incurred in EUR and USD. As we further expand into Volume Markets and Growth Markets outside the Eurozone, we will increase our exposure to foreign currency exchange rates if we are unable to sell Projects and Services in EUR in these markets.

The results of operations and the financial position of these entities are reported in the relevant foreign currencies and then translated into EUR at the applicable exchange rates for inclusion in our consolidated financial statements which are reported in EUR. The exchange rates between these currencies and the EUR in recent years have fluctuated significantly and may in the future continue to fluctuate significantly. Such fluctuations may have a material effect on our results of operations and financial position and may significantly affect the comparability of our results between financial periods.

In addition, we incur currency transaction risk whenever one of our subsidiaries enters into a transaction using a different currency than its functional currency. We manage the exchange rate risk by entering into contracts with customers that match the currencies of our corresponding contracts with suppliers, creating a natural hedge. In addition, we also enter into derivative hedge instruments (EUR 159.3 million of notional repayment amounts outstanding on forward exchange transactions as of September 30, 2017) to reduce any remaining foreign currency risk. However, we may not be able to hedge this risk completely or at an acceptable cost. Moreover, while our hedging strategy enables us to partly mitigate adverse effects on our cash flows of currency fluctuations over a certain period, it does not allow us to mitigate the risks associated with the valuation of hedging instruments and the creditworthiness of our counterparties. Under our current policy, we do not perform speculative hedging. In addition, we may expand in markets where local currency cannot be hedged. Although we may use various derivative instruments to manage risks arising from fluctuations in exchange rate, any material unhedged assets or liabilities denominated in a foreign currency, combined with adverse movements in such exchange rates, may have a substantial adverse impact on our business activities, financial condition, cash flows and results of operations.

***Our international operations subject us to risk, including emerging market risk, exchange rate fluctuations and controls, regulatory risks, cultural and geopolitical risks, among others.***

In the twelve months ended September 30, 2017, 68.8 per cent. of our total consolidated sales was generated outside of Germany. We offer our wind turbine systems globally, including in Asia, Latin America and Africa. Following the AWP Merger, Brazil, Mexico and India, specifically, are targeted Growth Markets for our wind turbine systems. We also maintain production capacity in Germany, Spain, India, Brazil and the United States (although the facility in Iowa, United States, is currently inactive but production can be reinstated at relatively short notice).

In addition to the current markets in which we operate, we plan on entering new markets in which we currently have no presence. For example, we are currently exploring opportunities, through a joint venture or otherwise, to supply wind turbine systems and provide services to a customer in Iran. In addition, we plan to increase our presence in countries in which we have limited operations such as in Australia, where we established a branch office in Melbourne in order to reap the growing demand in that country and to handle both the commissioning and subsequent servicing of recently ordered wind turbine systems. We also plan to increase our presence in developing or emerging countries in Africa such as Ghana, Tanzania and Tunisia, in South East Asia such as Vietnam and in South and Central America such as Columbia and Honduras.

Our ability to operate in and expand into international markets could be harmed by a number of factors which could have a material adverse effect on our business, financial condition, cash flows and results of operations, including:

- economic trends, industrial growth and their impact on demand for our wind turbine systems;
- exchange rate fluctuations;
- foreign exchange restrictions, currency control measures and capital controls;
- changes in regulatory requirements or in foreign policy, including the adoption of laws, regulations and interpretations detrimental to our business;
- adequate access to local financing options;
- burdens of complying with a wide variety of legal and tax regimes and problems related to national legal and oversight systems, such as with regard to production conformity, occupational safety, and liability and warranty requirements in relation to our wind turbine systems and services, particularly with regard to deviations from European standards;
- economic, political and social instability;
- compliance risks;
- exposure to corruption more prevalent in the energy industry than in many other industries (and exposure to corruption more prevalent in some countries than others);
- terrorist attacks and security concerns in general;
- reduced protection of our intellectual property rights;
- potential introduction of or increases in tolls, taxes, tax rates and other market entry barriers; and

- difficulties in managing the staffing of international operations, cultural integration and limited supplier capacity.

Proof of local value creation (“**Local Content**”) is increasingly important in grid-constrained markets such as Brazil, Turkey, South Africa, Mexico, Peru, Chile, Argentina and India. A lack of adequate proof of Local Content or our inability to create local value on a permanent basis could affect project financing and its implementation. It is possible that we will not succeed in meeting these requirements for individual countries, and will therefore be unable to sell our wind turbine systems or offer services in these countries. If this risk materializes, it may have a substantial adverse impact on our business activities, financial condition, cash flows and results of operations.

In addition, some of the countries in which we operate – particularly in the Growth Markets – may experience bottlenecks in the means of production, such as in the availability of construction vehicles, because these means of production may not be available in adequate supply. If we are unable to meet our contractual obligations to our business partners due to a lack of means of production, this may have a substantial adverse impact on our business activities, financial condition, cash flows and results of operations.

In connection with expanding our business into new markets, we may conduct business with customers in countries that are subject to export control regulations, trade embargoes, economic sanctions or other forms of trade restrictions imposed by the U.S., the European Union or other countries or multilateral organizations. For example, we are currently exploring opportunities, through a joint venture or otherwise, to supply wind turbine systems and provide services to a customer in Iran. Such an engagement may, at some point, require us to hire employees or transact with subcontractors in Iran. It is possible that any expansion into Iran or other sanctioned countries could adversely impact our ability to gain or retain investors, customers, or suppliers or result in reputational harm or other adverse consequences. Further, should legal developments require us to modify or terminate our activities in such countries, we may be exposed to customer complaints or contractual remedies or other adverse consequences.

We and our employees and agents could become subject to significant penalties for violating applicable sanctions, export control and anti-corruption laws and regulations. Such penalties include financial fines, criminal prosecution, loss of certain export or market access privileges and reputational damage. In determining whether and how to embark on business activities in any country to which sanctions laws apply, we intend to conduct our activities in a manner reasonably designed to comply with the limitations imposed by such laws and we have implemented policies and controls that seek to ensure compliance with applicable laws and regulations. However, there can be no assurance that such policies and controls have been or will be effective in ensuring that we, our employees, agents or affiliates have complied or will comply with such laws.

If we are unsuccessful in managing any of these challenges, our expansion could increase our costs without significant contribution to the results of our operations and our expansion plans may not yield the intended benefits. As a result, our expansion strategy may not enhance the value of our business, and could result in a material adverse effect on our financial condition, cash flows and results of operations if executed ineffectively or at loss.

***We could be required to repay certain subsidies if certain conditions are not met.***

We received investment grants and research and development subsidies of EUR 2,599 thousand and EUR 3,647 thousand in the financial years ended December 31, 2016 and December 31, 2015, respectively, from various entities. These funds finance principally R&D activities relating to our products. In addition, we have drawn on investment grants from the state of Mecklenburg-Vorpommern for our production facilities in Rostock, Germany. Under one active grant project, we were entitled to recover up to EUR 7.9 million in respect of investments made by the end of 2017, of which we have received EUR 6.8 million to date since 2014. The law requires that such subsidies be provided only under certain conditions. One condition includes that we maintain a certain number of people employed in our facilities in Rostock for a period of five years commencing January 1, 2018. If this or other conditions are not met, we could be required to repay subsidies up to the amount received, or more, if we draw on additional subsidies available to us.

There is a risk that any subsidy repayment could also occur in any of the other jurisdictions in which we operate and previously received or may in the future receive subsidies. Certain subsidies might also be linked to a condition of maintaining a minimum level of employment within a certain locality, and we might have to repay such subsidies should the employment level go below these set thresholds. Should we fail to meet the conditions



attached to our use of certain subsidies, this could have a material adverse effect on our business, financial condition, cash flows and results of operations.

***Compliance with and amendments to health, safety and environment laws and regulations may have an adverse impact on our business activities.***

Our business activities are subject to a wide range of health, safety and environment laws in the countries where we are active. These laws and regulations require us to obtain and renew permits and authorizations, undergo environmental impact assessments, check processes, implement environmental health and safety programs and put checks in place for our air, noise, waste, odor and water emissions, for the storage, handling, emission and disposal of chemicals and for the exposure of employees to hazardous substances and other aspects of their work activities and products. Some productions and service processes are hazardous and require adherence to strict safety standards. We anticipate incurring considerable expenses and capital expenditures for compliance with these laws and regulations.

While we believe we are in compliance in all material respects with all applicable safety, health and environmental laws and regulations, emission of hazardous substances or pollutants into the air, soil or water may result in liability for us with respect to government authorities or private individuals. Moreover, we may incur expenses for compensation for damages arising from emissions or environmental contamination of this kind.

Some of our properties have been used for industrial purposes in the past and/or are still used for industrial purposes, which poses a risk of contamination of parcels of land from this use. Cases of potential contamination that are known to us mainly relate to our production facilities in Germany due to their former industrial use, for which, as of the date of this Company Report, no remediation measures have been taken. We may be subject to an inspection and/or remediation obligation by law or by the law of obligations, such as for soil or groundwater contamination, on sites currently or previously owned or leased by us. Furthermore, some buildings we lease or own may contain asbestos or other hazardous substances that must be removed in the future. Environmental obligations may arise, including obligations to perform clean-up work on these facilities or at locations outside of our sites that have been used for disposal of materials originating from business operations or prior usage by us. This may entail future expenditures that cannot be quantified at this time.

Moreover, prior or continued presence of hazardous substances such as asbestos in our properties or prior or current handling of hazardous substances or hazardous dust in production or occurrence of hazardous ionizing or non-ionizing radiation in production due to potential exposure of persons, particularly employees or other persons working in our properties, despite taking all precautionary measures, may have resulted in injuries to health or in illness and depending on the case, we may be held liable for the consequences of this, such as investigation, treatment or indemnification, regardless of whether any fault applies.

In addition, we may also be affected by the adoption or implementation of new health, safety and environment laws and regulations, new versions of existing laws, increased public enforcement of environmental laws or similar developments in the future. Health, safety and environment laws and regulations are becoming increasingly stricter. The costs associated with compliance can be considerable. The measures taken to meet these new laws and regulations may be deemed inadequate by the relevant authorities and compliance costs significantly may exceed current estimates. If we were to fail to meet health, safety or environment requirements, we could become subject to administrative, civil and criminal proceedings by public authorities as well as civil proceedings instituted by environment groups and other persons, which may result in substantial fines and penalties against us as well as rulings that could restrict or disrupt our business activities. Any of these developments may have a substantial adverse impact on our business activities, financial condition, cash flows and results of operations.

***We may not be able to obtain or maintain adequate insurance cover.***

Our operations are subject to various hazards and risks, including risks inherent in the use of chemicals and other hazardous materials in the course of our production processes. These risks include the occurrence of thefts, explosions, chemical spills, storage tank leaks, discharges or releases of hazardous substances, noise and fumes as well as other environmental risks, mechanical failures of equipment and natural disasters. In addition, many of these operating and other risks could cause personal injury, loss of life, severe damage to or destruction of our properties and the property of third parties or environmental pollution, and may result in the suspension of operations and the imposition of civil or criminal penalties.



If any of our production facilities are damaged or our operations are interrupted for a sustained period, there can be no assurance that our insurance policies will be adequate to cover any resulting losses. We do not maintain insurance coverage in respect of potential costs and customer claims related to the technical issues of our wind turbine systems. Similarly, our insurance may not provide sufficient cover for warranty claims by customers. If we were to suffer a large uninsured loss, our business, financial condition, cash flows and results of operations could be materially adversely affected.

In addition, our insurance coverage is generally subject to annual renewal. If premium levels increase, we may not be able to obtain the same levels of coverage in the future as we currently have, or we may only be able to obtain such coverage at a substantially higher cost.

***We are dependent on external suppliers for key components, machinery and materials. Any business or relationship interruptions with our suppliers may harm our operations.***

The majority of our components are sourced from third-party suppliers. The success of our operations therefore depends on, among other things, our ability to source sufficient amounts of components, equipment, machinery and materials for our projects at competitive prices. Our wind turbine systems require certain components that are specifically designed for application in wind energy generation. The type and configuration of particular wind turbines also require specifically designed components. We source raw materials such as glass fiber and epoxy resin for rotor blades and steel for towers, nacelles and hubs, as well as several key components (such as generators and gearboxes) from third-party suppliers. The quality of our wind turbine systems depends on the quality of the components and materials and the ability of third-party suppliers to deliver them timely and in agreed quality. Finding suitable alternative suppliers who can meet our technical and quality standards, and who can supply the necessary quantities, may be difficult within short periods in the event of a supply failure. We are also implementing a local supply chain strategy and reviewing our supply chain in order to enhance maximum optimization, in particular to achieve lower procurement costs. If we are unable to identify suitable local third party suppliers or agree on commercially reasonable terms, we may fail to meet the required Local Content thresholds necessary for regulatory requirements in certain jurisdictions, which may impair our ability or prevent us altogether from entering certain new markets or to retain our position in our current markets. Furthermore, if we are unable to identify suitable local third party suppliers, suppliers from low cost countries or agree on commercially reasonable terms, we may be unable to reduce our procurement costs which may impair our ability to achieve the envisaged improvements in our cost structure and may impair our ability to achieve improvements in our delivery schedules.

The failure of any of our third-party suppliers to deliver the raw materials or components in the necessary quantities, to adhere to delivery schedules or to comply with specified quality standards and technical specifications, could adversely affect our production and our ability to deliver orders on time and at the desired level of quality. This, in turn, could give rise to contractual penalties or liabilities for us, loss of customers and damage to our reputation. In certain cases, this may lead to delays in supplying and commissioning our wind turbine systems in the future. This may in turn lead to the payment of liquidated damages under our contracts with our customers, or by operation of law.

We may also face instances where claims against suppliers for losses caused to customers by faulty components are disputed and recovery of such losses from the supplier is delayed or prevented, resulting in us having to compensate the customer. Additionally, should we fail to pay third party supplier invoices on time (whether due to our own fault or otherwise), we may face claims for contractual damages, lose suppliers or suffer reputational damage.

We rely on equipment and machinery that is built by third party manufacturers and may be susceptible to malfunction. Although, in certain cases, we are entitled to be compensated by manufacturers for certain equipment failures and defects, such arrangements may not fully compensate us for the damage and loss suffered as a result thereof. Mechanical failure and equipment shutdowns may also occur. See “—*Any technical deficiencies in our wind turbine systems could adversely affect our business, financial condition, cash flows, results of operations and existing and future orders. Due to technical defects in wind turbines supplied by us, warranty claims or other defect liability claims may be asserted.*” In such situations, undamaged manufacturing units that are dependent on, or interact with, damaged sections of our facilities may also have to be shut down. Such events could have a material and adverse impact on our manufacturing capacity.

The realization of any of these risks could have a material adverse effect on our business, financial condition, cash flows and results of operations.

***Default on the part of third-party suppliers may adversely impact our ability to fulfil our own customer orders.***

Our business is dependent on the services of third-party suppliers to produce our wind turbine systems. We maintain low stock levels, and consequently rely on the timely delivery of components from third-party suppliers. We are exposed to a third-party supplier insolvency risk. In addition, an increase in demand on the third-party supplier – particularly for rotor blades and towers – may result in supply bottlenecks as suppliers struggle to adjust to such increases. Third-party suppliers may also fail to meet the agreed quality or delivery timeframes, which may result in delays in delivering products and project completion or render it impossible to perform contracts on time, or at all. In particular, late deliveries by third-party suppliers may result in a production stoppage because we use production lines for wind turbine production and semi-automated processes for rotor production. Moreover, procurement of the required components on short notice from alternative suppliers may result in significant price increases, which could render orders being processed unprofitable.

If this risk materializes, this may have a substantial adverse impact on our business activities, financial condition, cash flows and results of operations.

***We are exposed to a risk of additional costs from a potential increase in prices of components and construction materials.***

The prices of components and construction materials that we use in production may increase. We may be unable to pass these higher costs on to the end customer by raising wind turbine prices. Additionally, we may be unable to implement cost-saving measures in other segments in order to offset these increased costs. Fluctuations in the price and availability of steel may have an adverse impact on our business as steel is required for the manufacture of key components, including nacelles, hubs, towers and transformers.

These circumstances may have a substantial adverse impact on our business activities, financial condition, cash flows and results of operations.

***Delivery failures or delays in our transport and logistics system could adversely impact our operations.***

We are dependent on various routes and modes of transport, such as air, sea, rail and road, to acquire components and materials used in the production of wind turbines and supply these to our customers. We are vulnerable to disruptions in transport and logistics activities due to weather-related problems, strikes, lockouts, inadequacy of roadways, railway infrastructure and port facilities or other events. We have limited storage capacities and may therefore be unable to store adequate components and materials, which increases our dependence on efficient logistics. In addition, during transport and shipping, our wind turbine systems and/or their components and materials may become damaged. These factors could adversely impact our ability to deliver wind turbine systems to our customers and may have a substantial adverse impact on our business activities, financial condition, cash flows and results of operations.

***Disruptions may occur in our manufacturing and production facilities, resulting in product delivery delays.***

We use line and bay productions for our wind turbine assembly and partially semi-automated processes for rotor blade production. We may experience unplanned production stoppages which may exceed the downtime required for scheduled maintenance, or defects in third party supplier deliveries that are late or of substandard quality, production start-up difficulties for a new turbine series or defects or malfunction in essential means of production, such as crane runways, the conveyor system, molds or painting robots. If a production process stoppage results in late delivery to our customers, this may result in delays in payment from the customer and contractual financial penalties or compensation for damages.

Our manufacturing operations involve significant hazards that could result in fires and other unexpected or dangerous conditions or accidents. Events such as fires, floods, severe weather or other natural disasters, power loss, rolling blackouts, telecommunication failures, terrorist attacks, cyber-attacks, computer viruses, human error, hardware or software defects or malfunctions, industrial accidents, partial or complete failure of our disaster recovery plan as well as our business continuity plan in an emergency situation could cause a significant interruption to our operations.

If this risk materializes, this may have a substantial adverse impact on our business activities, financial condition, cash flows and results of operations.

***Our risk management policies and procedures may not be fully effective in mitigating our risk exposure.***

Our risk management policies and procedures may not be fully effective in identifying, monitoring and managing the risks we face. We have installed a system for the early detection of risks and opportunities in compliance with legal requirements to record, document, analyze and track identified risks and measures. Additionally, we produce a risk inventory on a quarterly basis in all business segments as part of quarterly risk reporting, in order to identify as many material risks as possible, and assess them in terms of potential financial impact and likelihood of occurrence in the future. However, if our policies and procedures are not fully effective or if we are not successful in capturing all risks to which we are or may be exposed, our reputation may be effected and we may also be subject to litigation or regulatory actions that could have a material adverse effect on our business, financial condition, cash flows and results of operations.

***Our order book and order intake are not necessarily indicative of actual or future sales due to possible cancellations, delays or scope adjustments of projects.***

We include in our order book and order intake only those orders, which are firm orders received from customers, which are subject to a legally binding agreement, in respect of which all necessary construction permits have been issued, a connection has been established with the grid or a grid-connection agreement has been signed, the customer has obtained the necessary finance and has remitted the agreed pre-payment. While firm orders represent business that is considered likely, such orders may be, and from time to time are, cancelled, modified or subject to delays in execution, and customers may dispute the amounts owed to us. There is the possibility of cancellations or changes in the scope of the project and schedule because of the exercise of customer discretion, technology issues or problems encountered in the timely execution of the project for reasons outside our and our customers' control. These events could result in an inability to convert or in a delay in converting orders into sales and cash flows. Any recourse against the customer in the event of a signed contract or firm order cancellation may not compensate us fully for the loss of potential sales. Accordingly our order book and order intake are not necessarily indicative of actual or future sales.

We generally enter into supply contracts which require us to supply, install, commission and test wind turbines on site and provide for a fixed construction schedule and front loaded payment milestones for the amounts due to us. Even relatively short delays or minor difficulties in the execution of a project could result in the non-payment or late payment of customer dues. As the technical complexity of our projects (in particular large turnkey projects) increases, we face greater exposure to these risks. In addition, if we are unable to execute a project according to the order and are unable to commission wind turbines on schedule, we may have to pay liquidated damages to customers.

Any delay, including due to factors outside of our control, such as weather, construction delays, customer credit issues, political pressure and budget constraints, reduction in scope, cancellation, execution difficulty, payment postponement or payment default in relation to signed contract or net firm order projects, or disputes with customers could result in a decline in our market share or have a material adverse effect on our business, financial condition, cash flows and results of operations.

***Our sales are difficult to predict.***

The size and timing of our sales from our Projects business is difficult to predict and is dependent on many factors, including market conditions, customer financing, attaining the requisite permits and weather conditions, all of which may combine to result in high variability in our results of operations, which could be material in the long term when compared to our current expectations. Our sales efforts often require us to educate our customers about the use and benefits of our wind turbine systems, including their technical and performance characteristics. Customers typically undertake a significant evaluation process that has generally resulted in lengthy sales cycles for us, typically many months. Furthermore, installation of our wind turbine systems is generally conducted under the direction and control of end users or third party contractors. In particular, sales associated with our project development business are less regular. Historically such sales have constituted a small proportion of our group sales results, although the EBITDA margins from our project development sales have been high. The regulatory approval, permit procurement, construction, start up and operation of wind farms could involve unanticipated changes or delays that could negatively impact our business, financial condition, cash flows and results of operations, which could be material in the longer-term when compared to our current expectations, and result in fluctuations in our sales between periods.

We currently recognize sales from Projects based on the percentage of completion method under IAS 11, which means that we recognize sales from Projects with reference to the stage of completion of the contractual activity

at the end of a fiscal period where we can reliably estimate the sales to be derived from a contract. Sales from Services are currently recognized upon the service being rendered. We are required to begin recognizing sales from Projects and Services in accordance with IFRS 15 in the financial year beginning in January 1, 2018. We may then decide to either apply IFRS 15 fully retrospectively to prior financial periods by recognizing the cumulative effect of applying IFRS 15 as an adjustment to our opening balance of equity as of January 1, 2017, or retain prior period figures as reported under IAS 11 and recognize the cumulative effect of applying IFRS 15 as an adjustment to our opening balance of equity as of January 1, 2018. The adoption of IFRS 15 means that sales from contracts regarding our Projects and Services business will be recognized on the basis of contractual performance obligations. While we expect little variance in timing and amount of sales to be recognized under our Service business from the first time application of IFRS 15, our reported sales from the sale of wind turbine systems will be significantly affected by the change to IFRS 15. As a result, the adoption of IFRS 15 may mean that our sales are recognized according to the transfer of control at less regular intervals than in our historical financial statements (for example, we expect to recognize sales from our Projects business only when the wind turbine system we sell has been installed). As a result, our financial statements for future period may not be directly comparable to historical periods.

In addition, a certain portion of our operating expenses are fixed costs, which cannot be adjusted according to short term fluctuations in business activities. While we typically have a number of projects scheduled to close in consecutive sales cycles, a decrease in sales for a given period could have a material adverse effect on our business, financial condition, cash flows and results of operations for that period.

***Our customers may terminate our contracts under certain circumstances.***

Certain of our contracts, including our supply and installation contracts, management and services agreements and turnkey agreements with customers contain contractual termination rights. The majority of our contracts provide parties with the ability to terminate in circumstances where the other party has committed an event of default as specified in the contract (“**Contractual Default**”) which it then fails to cure within the relevant specified cure period. The Contractual Defaults included in our contracts typically include a party’s:

- failure to make payments due under the agreement for amounts not in dispute, giving rise to a lien or claim, and such failure continues for 30 calendar days following receipt by the defaulting party of a written notice of non-payment;
- material breach of obligations under the agreement which continues for 30 days following receipt by the defaulting party of a written notice of breach;
- voluntary commencement of bankruptcy, insolvency, moratorium or similar debtor-relief proceedings, or becoming insolvent or generally not being able to pay its debts as they become due, or admitting in writing the inability to pay its debts;
- insolvency, bankruptcy or similar proceedings being commenced against the party, and the party undertaking any statutorily prescribed steps or curing actions within the statutory time limit, with proceedings continuing for a period of 60-120 calendar days without being dismissed or stayed;
- material breach of any representations and warranties granted pursuant to the agreement;
- material breach of any guarantees provided pursuant to the agreement; and
- making of any representations which are false or misleading in any material respect at the time they are made.

Our contracts usually provide for the payment of liquidated damages in the event of delays; for example, to deliver parts or provide services by a specified time. Typically, this will amount to a Contractual Default where the amount of liquidated damages exceeds a specified amount; for example, a percentage of the purchase price.

Some of our contracts provide for termination within a certain time period following execution; for example, where a law or regulation enters into force within that period, requiring additional or amended planning consents to enable grid access. Moreover, many contracts provide the right to serve a termination notice in the event of a force majeure which occurs and is continuing for a specified period (typically between 180-365 calendar days).

The Contractual Defaults or events described above could give rise to termination rights under any of our supply and installation contracts, management and services agreements and turnkey agreements, and if such Contractual Defaults or events occur, our customers could exercise any termination rights which arise. The exercise by our

customers of any termination rights could have a material adverse effect on our financial condition, cash flows or results of operations. Moreover, the inability or unwillingness of our customers to perform their obligations under existing contracts could have a material adverse effect on our financial condition, cash flows or results of operations and any liquidated damages to which we would be entitled may not be sufficient to adequately compensate us for the customers' breach of contract.

***We face credit risk in relation to payments by our customers.***

We are exposed to credit risk in connection with deliveries of our wind turbine systems and services to customers. We depend on the creditworthiness and solvency of our customers. In many cases, our customers are special purpose vehicles founded specifically to execute a wind farm project.

With respect to our Projects business, our receivables against main debtors are generally covered by payment security, such as letters of credit, bank guarantees, credit insurance, third party guarantees (such as debtor parent company guarantees) and reservation of title. However, in certain jurisdictions, we cannot always obtain security to cover receivables and we cannot predict whether we will be able to obtain such security in the future in certain of the markets in which we operate. We attempt to structure payments to match the obligations we undertake in accordance with the milestone plan agreed for the project. However, we remain exposed to the risk that payments are not made when due and can be obtained only after lengthy proceedings. With respect to our Services business, our receivables against main debtors are not typically covered by payment security because payments are typically made in regular intervals on a monthly or quarterly basis, and we remain exposed to the risks that payments are not made when due and can be obtained only after lengthy proceedings. Any customers' default on their payment obligations to us could have a material adverse effect on our financial condition, cash flows and results of operations.

***Our capital expenditure plans are subject to change and other risks and may not yield the benefits intended.***

Our operations are capital intensive, as a substantial amount of capital is required to develop, manufacture, market and distribute our wind turbine systems, services, projects and new technologies. Our capital expenditure plans are based on management estimates, which may prove to be incorrect or based on incorrect assumptions.

Our capital expenditure plans also depend on regulations in respect of Local Content requirements in countries where we have operations (or markets we plan to enter) and local market requirements. Regulations may require us to incur capital expenditure in a particular country or to source locally at higher cost. Inability to comply with such requirements could impact our ability to compete in tender auction and, if we fail to comply, could result in fines or market exit. See above "*—Risks related to our industry and its regulation— Our industry is subject to risks of changing governmental policies regarding auctions.*"

A significant amount of our capital expenditures is linked to product development, in particular with respect to R&D which typically accounts for two to three per cent. of our annual revenues. In order to remain technologically competitive, we may be required to expand substantial resources for developing new product platforms, which may prove to be unsuccessful. If we are unable to successfully market and sell a particular product, we may be required to write-off tangible or intangible assets, including capitalized R&D costs, or incur expenses related to changing or disposing of production machinery. In addition, our capital expenditure plans are subject to a number of risks including cost overruns, construction and development delays or defects, failure or delay in receiving governmental or other approvals, and the availability of financing on acceptable terms. The actual amount and timing of our future capital requirements may differ from our estimates as a result of, among other things: unforeseen delays or cost overruns; unanticipated expenses; economic, political and other conditions in the markets in which we operate; regulatory changes; engineering design changes; weather related delays; and technological changes. Higher than expected capital expenditures could have an adverse impact on our profitability cash flows and financial condition.

Our business plan also focusses on increasing the sales from Services by improving service efficiency via digitalization, advanced data analytics and optimized technical support. If we are unable to make such improvements, or if sales from Services do not increase as a result of such improvements we would not be able to recover our investment in developing the sales from Services and this could have an adverse impact on our business activities, financial condition, cash flows and results of operations.



***Our development of the Delta4000 platform and further developments of existing system types may fail, incur delays or higher costs, or perform poorly on the market.***

Our business model is based on long-term use of wind power from wind turbines. Future market acceptance of our wind turbine systems is difficult to predict. The long-term presence of our wind turbine systems on the market requires continuous development. We therefore engage in the development of new wind turbine systems, partially in collaboration with third parties, with a focus on reducing CoE.

In September 2017, we announced as part of our new Delta4000 platform, the innovative N149 turbine in the 4.0 - 4.5 MW class, and we anticipate order intake for this new turbine to commence in 2018 with installations to start in 2019. As the N149/4.0-4.5 turbine is in the development phase, as of the date of this Company Report, no orders have yet been received, and there is a risk that there will be delays or development issues that arise with the transition of the prototype, to testing and, finally, to serial production. Our market analysis anticipates that customers will favor higher output turbines going forward (particularly in the context of auctioned projects), so the development of new, higher output turbines with reduced CoE is an important element of our business plan. Should the demands of market participants shift or trends in the market change in this respect, such that we are unable to provide competitive wind turbine systems, this could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Key factors for success in product development and the introduction of new wind turbine systems include the availability of time and financial resources, ensuring the transition from prototype turbines to series production plants, the issue of the certificates and permits needed for operation and the time of market introduction. New product developments and further development of existing system types may incur technical failures, delays or higher than expected costs, may fail to receive certificates or permits required for operation or may perform poorly on the market. In such cases, the considerable expenditures for development work may not yield corresponding future earnings. This may have a substantial adverse impact on our business activities, financial condition, cash flows and results of operations.

If we encounter any of the key factors described above with the rollout or development of the Delta4000 platform, and future wind turbine systems, this could impact the marketability and profitability such wind turbine systems and ultimately have a material adverse impact on our business activities, financial condition, cash flows and results of operations.

***Our development of new products might not be successful, may fail to deliver the expected returns, may be delayed and/or may incur higher than expected costs.***

Given the highly innovative and competitive nature of our industry, our ability to defend our market share depends heavily on designing, developing and marketing new and more cost efficient wind turbine systems which deliver a better CoE for our customers. Wind turbine systems are progressively becoming larger and their operational performance has improved, resulting in customers demanding more cost-efficient wind turbine systems. However, the development of new product models and platforms, such as the Delta4000, requires considerable investment and there is a risk that our product development may not be successful or may be delayed, which may result in the incurrence of higher than expected costs for which we may not receive an economic benefit. Our component manufacturing equipment and technology may not be suited for future generations of wind turbine systems we develop, and as a result we may have significant investments in new manufacturing equipment.

We undertake various testing on new models and their components in different operating conditions to acquire data for making decisions for serial production of new models. The wind turbine systems and components used in the course of such tests may be damaged or become unfit to be used. In accordance with the agreements we have in place with our customers, any loss incurred in the course of such tests is borne by us. There can be no assurance that our new wind turbine systems or their components will operate without any technical issues, in actual conditions, despite being fully certified and tested extensively under laboratory conditions. While we issue declarations of conformity in respect of our wind turbine systems in accordance with Directive 2006/42/EC, Annex II, No 1A, there is a risk that some of the requirements of the applicable regulations could be interpreted or applied by the competent authorities to require us to retrofit or change components. Any material issue with such testing and/or certification could result in production delays and may expose us to damages or costs to remedy any defect, which could be costly and labor-intensive and therefore adversely affect our results of operations and cash flows.

Though product cycles typically last two to three years, continuous improvements are required, in particular in the fields of research and development, procurement and supply chain, production and project management, and

lifecycle engineering. In certain of these areas, scale could be an important advantage, for example, to increase bargaining power with suppliers or to benefit from a global supply chain with low cost sourcing, thus putting us at a disadvantage compared to larger competitors. There can be no assurance that the newly developed wind turbine systems will deliver the expected technological results. Our competitors may develop new and technologically more advanced product models, which are better equipped to satisfy customer demand. The cost of developing new wind turbine systems may prove to be greater than the income generated from those wind turbine systems, in particular if their product life is shortened due to technological advancements. The newly developed wind turbine systems may also face technical issues, which we may not be able to overcome or which may lead to customer claims and associated costs as well as potentially reputational issues and thereby negatively affecting our ability to compete. If we are unable to remain competitive, we may not be able to obtain sufficient new orders and we may face cash and non-cash negative consequences relating to both tangible and non-tangible assets, including plant closures, write-offs and repayment of incentives or subsidies received. Any of these factors could have a material adverse effect on our business, financial condition, cash flows and results of operations.

***If we are unable to implement our planned improvements successfully and achieve our anticipated cost savings, our profitability may be adversely affected.***

In order to remain a competitive player in our markets and to mitigate the effects of price declines, an increase in fixed costs and uncertainty in the market due to the constantly changing regulatory environment, we have implemented a number of programs to improve our operating efficiency and decrease CoE. These improvement programs target, amongst other things, increases in the sales from Projects and Services, a reduction of our direct cost of materials, the sustainable improvement of our product quality, a review of our supply chain and the reduction of operating expenses and human resources costs.

If the implementation of these programs is not successful and the targeted cost savings and other improvements cannot be realized fully (or at all), our results of operations could be adversely affected. The expected benefits and cost savings may not be achieved within the anticipated time frame. Additionally, the cost savings anticipated by us are based on estimates and assumptions that are inherently uncertain and may be subject to significant business, economic and competitive uncertainties and contingencies, all of which are difficult to predict and may be beyond our control. We may not be in a position to achieve all or any portion of our anticipated cost savings and operational improvements as a result of which our results of operations, financial condition and cash flows could be adversely affected.

***We depend on highly skilled personnel to operate our business, and if we are not able to hire, retain, and motivate our personnel, we may not be able to grow effectively.***

Our success depends in part on the knowledge, skill and industry experience of our management board members and other key members of senior management, as well as on several key experts without management responsibilities. Competition for talented personnel is intense, and if we lose the services of any of our key senior management personnel, it would be very difficult to find and integrate replacement personnel in a timely manner, which could significantly impair our ability to develop and implement our business strategies. The development and implementation of our business strategies is also heavily dependent on our ability to recruit, retain and train other highly qualified employees, particularly in the areas of mechanical and electrical engineering, development of wind turbines and rotor blades as well as marketing and sales employees, who should generally have a technical background and knowledge of the particulars of wind turbine construction. Our measures to reduce staff costs and to reduce headcount may impact employee morale and may potentially cause us reputational damage which may impact our ability to retain and train highly skilled personnel. Our failure to attract and retain highly skilled personnel could have a material adverse effect on our business, financial condition, cash flows and results of operations.

***Our business could be adversely affected by strikes, work stoppages or increased wage demands by our employees or other disputes with our employees.***

We are exposed to the risk of strikes, lock outs, trade union activities and other industrial actions. There can be no assurance that we will not experience a strike, work stoppage, lock out or other industrial action. As of September 30, 2017, the Group had 5,274 employees, of whom approximately 47 per cent. (2,500) were based in Germany. Employee representatives may elect to terminate our current collective bargaining agreements pursuant to the terms of such agreements. In such case we may be unable to negotiate acceptable collective bargaining agreements with employees and their representatives, which could lead to industrial action. Efforts by

employee representatives may divert management's attention and result in increased costs. Any such event could disrupt our operations, result in an increase in wages and other benefits or otherwise have a material adverse effect on our business, financial condition, cash flows and results of operations. In addition, we recently announced significant headcount reduction in Europe, reducing the number of jobs by between 400 and 500 by the end of the current financial year, which may cause some of our employees to try to disrupt our operations. Any such disruption may have a negative impact on our business, financial condition, cash flows and results of operations.

***We are subject to tax risks, in particular as a result of changes in tax law or its interpretation and application or as a result of tax audits.***

The German and foreign tax assessments of the Group are audited by the tax authorities in the respective jurisdictions at regular intervals. With respect to Germany, our last completed tax audit of Nordex SE covered the financial years 2010-2013 and concluded in January 2017. However, different interpretations of tax rules by the competent authorities may lead to noticeable subsequent payments within upcoming tax audits for these periods and other and our provisions for taxes may not be sufficient. Due to the complexity and dynamics of both tax legislation and the interpretation of applicable law by the tax authorities, it is possible that the outcome of the tax audits performed in Germany and abroad may not be as expected and that the tax amounts determined by the tax authorities may exceed the provisions set up for this purpose, so that additional liquid funds must be applied to pay the tax owed, which could adversely affect our business, financial condition, cash flows and results of operations and our ability to fulfil our financial obligations.

Nordex and some of its subsidiaries have accrued significant income tax losses carried forwards, which in principle can be offset against future profits in whole or in part. The usability of tax losses carried forward and other capitalized tax deferrals, and thus also the recoverability of the capitalized tax deferrals in the consolidated annual financial statements, depends on the relevant national tax legislation. Under German tax law, in principle, corporation tax and trade tax losses and losses carried forwards forfeit proportionately pursuant to § 8c of the German Corporate Income Act (the "CITA") if, within a period of five years, more than 25 per cent. and no more than 50 per cent. of the shares/votes in a corporation are transferred directly or indirectly to a purchaser (or to a related party or a group of purchasers with similar interests) or a similar situation applies. In addition, it is no longer possible to offset losses against future profits if they arise in the current financial year prior to this transfer. Within five years, if over 50 per cent. of the shares or votes are directly or indirectly transferred to a purchaser (or to a related party or a group of purchasers with similar interests), the losses carried forwards and the losses arising in the current financial year prior to the transfer shall forfeit in total. Currently, court proceedings are pending whether and under which circumstances § 8c of the CITA may be unconstitutional.

Due to the purchase of new shares by Acciona S.A. ("**Acciona**"), Acciona temporarily acquired additional shares from Nordex and now holds a 29.9 per cent. share in us. Accordingly, an additional purchase of over 21.1 per cent. of company shares within five years would result in a total loss of all corporation and trade tax losses of Nordex, and thus also in higher taxes in the future. Further, the tax burden in future assessment periods could be increased if corresponding tax loss carry forwards can no longer be set off against the taxable annual income. In addition, whether or not it will be possible to realize deferred tax assets will depend on our ability to generate sufficient taxable income in the future in order to make use of tax loss carry forwards. A change in the estimated amounts or our future taxable income may result in the necessity to recognize impairments. Within the change of control regime of the CITA, losses are maintained to the extent of hidden reserves (built up by the loss company) and in specific intragroup transfer scenarios. Moreover, Germany has introduced a new provision of CITA, under which tax losses are entirely deductible upon election if specified conditions are met. This new section permits the preservation of unused losses if the business operations of the corporation are sustained after the date of the harmful acquisition of participation and any other use of the so-called continuation-bound loss carry forward is excluded. However, if a partial share transfer would lead to a prorated forfeiture under CITA and application CITA is elected, the entire loss (not only *pro rata*) is forfeited if a harmful event occurs.

Due to the long term nature of our projects, there is a risk that a change in taxation, or the interpretation of tax laws, could have a material adverse impact on our business and the profitability of the project. Any change in the tax regimes to which we are subject could have a material adverse effect on our financial condition, cash flows and results of operations.

If the aforementioned factors result in a significant increase in taxation, this may have a substantial adverse impact on our business activities, financial condition, cash flows and results of operations.

***Due to restrictions of the deduction of interest expenses under German tax laws, we may be unable to fully deduct interest expenses on our financial liabilities.***

Interest payments on our debt may not be fully deductible for tax purposes, which could adversely affect our financial results. Subject to certain prerequisites, the German interest barrier rules (*Zinsschranke*) impose certain restrictions on the deductibility of interest for German tax purposes. The German interest barrier rules in general allow the deduction of interest payments for German income tax purposes to the extent the taxpayer earns positive interest income in the same financial year. Interest expense in excess of interest income (net interest expense) is tax deductible only to 30 per cent. of its tax adjusted EBITDA. Net interest expenses exceeding 30 per cent. of its tax adjusted EBITDA are disallowed. However, the German interest barrier rules do not apply if the amount of interest expenses in the respective financial year exceeds the amount of interest income by less than EUR 3.0 million (so-called exemption limit). The interest barrier also does not apply if the enterprise does not belong to a corporate group and there is no situation involving harmful shareholder debt financing. If the business belongs to a corporate group, the interest barrier also does not apply if evidence can be provided to the effect that the equity capital ratio of the business wanting to deduct interest expenses is no less than two percentage points below the corporate group equity capital ratio and there is no situation involving harmful shareholder debt financing.

All businesses belonging to the same financial unity (*Organschaft*) for corporate income and trade tax purposes are treated as one single business. Such consolidation is, *inter alia*, relevant for the calculation of the tax adjusted EBITDA. We have established a financial unity between the Company and most of its German subsidiaries (as controlled entities) in order to make use of such tax adjusted EBITDA for interest barrier rules purposes.

Any non-deductible amount of interest expenses exceeding the threshold of 30 per cent. is carried forward and may, again subject to the interest barrier rules, be deductible in future financial years (EBITDA carry forward only up to a maximum period of five years).

Interest carry-forwards are also subject to the change of control regime rules as described above (see above “—We are subject to tax risks, in particular as a result of changes in tax law or its interpretation and application or as a result of tax audits.”).

***Failure to keep our technical knowledge confidential and protect our intellectual property could impact our business.***

We rely on patents and copyright laws and licenses as well as non-assertion agreements, among other protections, to safeguard our intellectual property rights. There can be no assurance that our rights will not be challenged, invalidated or circumvented, or that we will successfully renew our rights or licenses. Further, our know-how may not be adequately protected by intellectual property rights such as patents, copyrights and trademarks. Some know-how is protected only by secrecy and any contractual protection, and we cannot be certain that our know-how will remain confidential. If confidential technical information or know-how concerning our wind turbine systems or business becomes available to third parties or to the public, our competitive position could be harmed. Further, there can be no assurance that we will be able to protect our intellectual property rights in respect of newly developed or upgraded wind turbine systems. Our competitors may be able to take advantage of this and develop and market similar or superior products. Our inability to protect our intellectual property could have a material adverse effect on our business, financial condition, cash flows and results of operations.

***We may inadvertently infringe upon the intellectual property rights of others.***

Companies active in our industry make extensive use of intellectual property rights, both to protect their technology and to assert their competitive position. Although we believe that our wind turbine systems, services and proprietary information do not infringe upon the intellectual property rights of others and that we do and will have all the rights necessary to use the intellectual property employed in our business, there can be no assurance that infringement claims (including the possibility of substantial monetary claims) will not be asserted against us.

In addition, we have entered and, in the future will enter, into various licensing agreements regarding the use of third-party patents. The nature of our business subjects us to being sued under such licensing agreements.

Such claims may force us to alter our technologies, obtain licenses or cease significant portions of our operations.



Irrespective of their merit, these claims could: (i) adversely affect our relationships with customers; (ii) damage our reputation; (iii) result in costly litigation; (iv) cause product shipment delays or stoppages; (v) divert management's attention and resources; (vi) subject us to significant liabilities; (vii) require us to enter into potentially expensive royalty or licensing agreements; and (viii) require us to cease certain activities, including the manufacture or supply of certain products and provision of services. Furthermore, necessary licenses may not be available to us on satisfactory terms, if at all. All of these factors could have a material adverse effect on our business, financial condition, cash flows and results of operations.

***Our IT systems may fail or experience other technical faults.***

Our business utilizes IT systems. Any disruptions or system failures could adversely impact our operations. As a result of the AWP Merger, we have experienced, and may in the future experience, integration issues that require a high level of management attention and resource allocation. We, our customers or third party suppliers who carry out our outsourcing, could be subject to breaches of security by hackers. Such breaches of security may be caused by hackers using programs able to uncover remote monitoring login data or by carrying out denial-of-service or ransomware attacks. While such breaches of security may not immediately affect the structural integrity and/or operational safety of our wind turbines, they may cause temporary suspensions in our ability to remotely monitor wind turbines, which is a key part of our services offering. A future breach of our system or that of one of our customers or outsourcing partners may subject us to material losses or liability. We utilize digital platforms to provide detailed operating data and technical services, including remote monitoring as well as condition monitoring and system management of our wind turbines. A misuse of such data or a cybersecurity breach could harm our reputation and expose us to uninsured liability, increase our risk of regulatory scrutiny, subject us to lawsuits, result in the imposition of material penalties and fines under German, EU or other applicable law or regulations. This could result in reputational damage and have a material adverse effect on our business, financial condition, cash flows and results of operations.

***The risk of litigation is inherent in our operations. Some of our pending litigation may have an adverse outcome.***

In the ordinary course of our business, legal actions and claims involving our Group companies arise, both against us and initiated by us. The Group and its activities are subject to domestic and foreign laws and regulations, many of which include legal standards which are subject to interpretation. Thus the entities within the Group may be parties to agreements and transactions involving matters which require interpretation of the underlying contractual rights and obligations. Furthermore, the Group and its activities may be subject to the jurisdiction of courts or arbitration tribunals in a number of different jurisdictions.

Other than the proceedings disclosed in this Company Report, we are not a party to any material legal proceedings, nor are aware of any material proceedings that are pending or threatened of which we are aware.

We are involved in various legal proceedings in Spain and Brazil with a former joint venture partner of AWP, Inneo Torres. Inneo Torres filed various complaints between 2013 and 2015 for damages against AWP and its subsidiaries relating to an alleged breach of contract under a framework agreement for the supply by Inneo Torres of 200 concrete towers, for breach of a purchase order by Inneo Torres in the Atlantica wind farm in Brazil and for alleged intellectual copyright infringement. Certain claims arise out of the exercise by AWP of certain step-in rights under the framework agreement, when it considered Inneo Torres to have been in breach of the framework agreement, AWP took control of certain manufacturing tasks relating to the wind farm. AWP (and group companies) have filed various counter-claims against Inneo Torres in relation to the Atlantica wind farm project. In October 2014, Inneo Torres filed a claim in the Spanish courts in the amount of EUR 19 million alleging breach of contract under the framework agreement. AWP filed a counter-claim in the amount of EUR 6 million alleging that the contract was terminated due to a breach by Inneo Torres. The proceedings, first heard by the Madrid Court of First Instance, resulted in both parties' claims being partially upheld. AWP was ordered to pay approximately EUR 6 million to Inneo Torres in July 2017. Both AWP and Inneo Torres appealed the ruling, and appeal papers were filed with the Madrid Court in October 2017.

In 2014, a criminal complaint was filed in Spain by Inneo Torres against AWP, other Group companies, and certain individuals including our CEO - José Luis Blanco Diéguez - alleging the misappropriation by such parties of trade secrets belonging to Inneo Torres. Inneo Torres alleges that AWP misappropriated trade secrets from Inneo Torres during the exercise by AWP of its step in rights under the framework agreement.

The exercise of step in rights is an industry standard which enables the principal (AWP) to take control of the manufacturing facilities of the supplier (Inneo Torres) to complete the contract self-reliantly in circumstances where the supplier causes a certain delay in production.



The complaint related to the alleged misappropriation of trade secrets is currently being investigated by a judge in Spain, which is the first stage of criminal proceedings. Once that investigation has concluded, the judge will make a determination as to whether there are sufficient grounds for criminal prosecution to proceed. Under Spanish law, the general penalty, which would apply to a legal person found criminally liable for the misappropriation of trade secrets (based on when the offence under investigation would allegedly have been committed in 2013), is a fine ranging from EUR 10,800 to EUR 5.4 million. Spanish law also allows for additional penalties to be imposed on the criminally liable legal person (for example, winding-up of the company, temporary suspension of activities, temporary closure of the company's facilities and premises, disqualification from obtaining public subsidies and assistance or court intervention). Inneo Torres has not yet quantified the amount of compensation it would seek in any criminal proceedings. See *“—Our CEO is a subject in the investigation by a Spanish judge into the alleged misappropriation of trade secrets following a criminal complaint by Inneo Torres. In the event that a criminal prosecution followed and, he were to be convicted, he may be dismissed from office and/or his service agreement with us may be terminated”* below.

In June 2017, Inneo Torres also initiated proceedings against Acciona Windpower Brasil – Comércio e Industria de Equipamentos Eólicos Ltda. in the Brazilian courts in respect of alleged patent infringement of a portable factory system owned by Inneo Torres. Acciona Windpower Brasil – Comércio e Industria de Equipamentos Eólicos Ltda. has filed defense pleadings stating that a license agreement was in place, that the portable factory developed by Acciona Windpower Brasil – Comércio e Industria de Equipamentos Eólicos Ltda. is materially different from Inneo Torres' portable factory and that no infringement occurred. In September 2017, the Sao Paulo Court of First Instance dismissed Inneo Torres' claim pending a decision by a Spanish court on the status of the license agreement. See *“Business—Legal and Arbitration Proceedings.”*

Additionally, Z.T. Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. (**“Z.T. Enerji”**), an owner of a wind farm in Turkey, has initiated arbitration proceedings against two of our Group companies (the AWP Respondents (as defined below)) claiming compensation for alleged (but unspecified) production losses in the amount of not less than EUR 1.8 million, as a result of alleged (but unspecified) defects relating to wind turbines supplied by the AWP Respondents. Outside of the formal legal process, Z.T. Enerji has suggested that its claim is potentially valued at USD 20 million; however, we have no reason to believe that there is any basis for this suggestion. See *“Business—Legal and Arbitration Proceedings.”*

We may be subject to other claims from customers, suppliers, current and former employees and third parties in the future. Our management believes that we have made adequate provisions to cover our current litigation risks; however, our provisions may prove insufficient in the event of an adverse outcome where we may incur significant expenses on legal defense, and the gross claim may be for an amount greater than the provisions made. If the publicity associated with, or the outcome of any legal proceedings we may face is significantly different to the expectations of our management, this could have a material adverse effect on our business activities, financial condition, cash flows and results of operations.

***Our CEO is a subject in the investigation by a Spanish judge into the alleged misappropriation of trade secrets following a criminal complaint by Inneo Torres. In the event that a criminal prosecution followed and, he were to be convicted, he may be dismissed from office and/or his service agreement with us may be terminated.***

Our CEO - Mr. Blanco Diéguez - is a subject in the investigation by a Spanish judge into the alleged misappropriation by AWP of trade secrets following the filing of a criminal complaint by Inneo Torres. See *“—The risk of litigation is inherent in our operations. Some of our pending litigation may have an adverse outcome”* above.

The investigation by a Spanish judge is the first stage of criminal proceedings. In the event that a criminal prosecution followed and Mr. Blanco Diéguez were to be convicted, he may be dismissed from office and/or his service agreement with us terminated by the Supervisory Board. If this were to occur, we will need to search for and appoint a successor CEO. A dismissal and/or service agreement termination of our CEO may be disruptive to our ongoing business and adversely affect existing customer relationships. The investigation could also require our CEO to devote significant time and attention to their resolution, which would detract from his ability to focus on our business and may, independently of the outcome of the investigation, have a negative impact on our ongoing business and may adversely affect our reputation and our existing customer relationships.

***There are risks derived from joint venture arrangements and from associations with third parties when executing certain projects.***

We undertake large projects which are technically complex and which can require the involvement of third parties specializing in the various processes necessary to carry out certain activities related to such projects. In

such cases, we may invest in projects with third parties, collaborations of which may be developed through joint ventures over which we have only partial control or joint control. In the case of such joint ventures and strategic alliances with third parties, we may face risks associated with the sharing of proprietary information or loss of control of our operations that are material to our business and profit sharing arrangements.

Projects developed through joint ventures are subject to the risk that our partners may block decisions which could be integral to the success of the project or investments in the project, or could implement strategies that are contrary to our economic interests, resulting in a lower return than expected. Moreover, the success of these arrangements depends on compliance by third parties with their obligations. If third parties cannot meet their obligations due to financial or other difficulties, then joint ventures or strategic partnerships may fail to meet their objectives. In such circumstances, we could be required to provide additional investment or services or take responsibility for breaches of contracts, or assume additional financial or operational obligations which could have a substantial adverse impact on our business, financial condition, cash flows and results of operations.

***This Company Report includes forward guidance, preliminary results, estimates and statements attributable to public sources.***

This Company Report includes forward guidance, preliminary results and estimates relating to our financial condition and results of operations that have not been audited, are derived from internal management accounts and are subject to our financial closing procedures. These procedures have not been completed. They are subject to the risks related to our business, including those set out under “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Forward-Looking Statements” in this Company Report, and are inherently subject to modification. Our actual results could vary from these estimates and these differences could be material.

This Company Report includes statements concerning our competitors which have been derived from public sources, and which we have not independently verified.

***The Pro Forma Financial Information presented in this Company Report has not been audited, has been prepared for illustrative purposes only and neither purports to nor presents the same information as would be presented in financial statements with generally accepted accounting principles.***

The *Pro Forma* Financial Information presented in this Company Report has not been audited and is based on the underlying financial statements of the entities that conduct our business as if such entities had formed a single corporate group during the periods presented. Not all of these underlying financial statements have been audited. The *Pro Forma* Financial Information in this Company Report is presented for information purposes only and is only meaningful in conjunction with the 2016 Audited Consolidated Financial Statements and the 2015 Audited Consolidated Financial Statements. The *Pro Forma* Financial Information describes only a hypothetical situation and thus, due to its nature, does not purport to represent what our results of operations or other financial information actually would have been had the AWP Merger occurred on January 1, 2015 in respect of the 2015 *Pro Forma* Financial Information or January 1, 2016 in respect of the 2016 *Pro Forma* Financial Information, or any other date, and such data does not purport to project our results of operations for any future period. The *Pro Forma* Financial Information has not been prepared in accordance with Regulation S-X of the U.S. Securities Act, any other U.S. regulatory requirements or any U.S. generally accepted accounting standards; and it has been prepared for informational purposes only. Furthermore, *pro forma* financial information usually covers only a current interim period and the last completed financial year, at most, whereas the *Pro Forma* Financial Information included in this Company Report presents the last two completed financial years of Nordex.

***Despite our current level of indebtedness, we may still be able to incur substantially more debt in the future, which may make it difficult for us to service our debt and impair our ability to operate our businesses.***

We may incur substantial additional debt in the future. Borrowings under other debt instruments that contain cross-acceleration or cross-default provisions may as a result also be accelerated and become due and payable. The incurrence of additional debt would increase the leverage related risks described in this Company Report.

***We may not be able to generate sufficient cash to service our indebtedness, including due to factors outside our control, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.***

We are leveraged and have certain debt service obligations, including under the MGF Agreement, Amended EIB Finance Contract and the Schuldscheindarlehen. Our ability to make payments on or to refinance our debt

obligations, including under the MGF, the EIB Facility and the Schuldscheindarlehen, will depend on our future operating performance and ability to generate sufficient cash. Our business may not generate sufficient cash flows from operations to make payments on our debt obligations, and additional debt and equity financing may not be available to us in an amount sufficient to enable us to pay our debts when due, or to refinance such debts. If our future cash flows from operations and other capital resources are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities or capital expenditures;
- sell assets;
- raise additional debt or equity financing in amounts that could be substantial; or
- restructure or refinance all or a portion of our debt on or before maturity.

We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all, or that those actions would yield sufficient funds to satisfy our obligations under our indebtedness. In particular, our ability to restructure or refinance our debt will depend in part on our financial condition at such time as well as on many factors outside of our control, including then-prevailing conditions in the international credit and capital markets. Any refinancing of our debt could be at higher interest rates than our current debt and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments, including the MGF Agreement, the Amended EIB Finance Contract and the Schuldscheindarlehen may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest or principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness.

In the absence of operating results and resources sufficient to service our indebtedness, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. The terms of our indebtedness, including the agreements governing the MGF, the EIB Facility and the Schuldscheindarlehen, restrict our ability to transfer or sell assets and the use of proceeds from any such disposition. We may not be able to consummate certain dispositions or to obtain the funds that we could have realized from the proceeds of such dispositions, and any proceeds we do realize from asset dispositions may not be adequate to meet any of our debt service obligations then due. These alternative measures may not be successful and may not permit us to meet our debt service obligations.

## 2016 UNAUDITED *PRO FORMA* FINANCIAL INFORMATION

On October 5 / 6, 2015, Nordex SE and Acciona S.A. entered into a Share Purchase and Business Combination Agreement, pursuant to which Nordex SE acquired Acciona S.A.'s wind power business by merging with AWP. The AWP Merger was completed on April 1, 2016.

Pursuant to the terms of the AWP Merger, Nordex SE paid Acciona S.A. a one-time cash payment of EUR 332.5 million (the “**Cash Component**”) and EUR 16.1 million new Nordex shares (the “**Equity Component**”), which were issued pursuant to an increase in the subscribed capital of Nordex SE in the financial year 2016. The subscribed capital of Nordex SE was increased by EUR 16,100,000 to the full amount of the subscribed capital of EUR 96,982,447 in the financial year 2016 pursuant to a resolution of the Supervisory Board dated March 31, 2016.

As the acquisition has had a significant impact on the net assets, financial position and results of operations of the Group, the following unaudited *pro forma* financial information, consisting of a *pro forma* income statement for the period from January 1, 2016 to December 31, 2016, has been created (the “**2016 Pro Forma Financial Information**”).

The 2016 *Pro Forma* Financial Information is derived from (1) the audited consolidated income statements of Nordex SE for the financial year ended December 31, 2016; and (2) the unaudited interim condensed consolidated income statement of AWP for the three-month period ended March 31, 2016.

The 2016 *Pro Forma* Financial Information presents the consolidated income statement as if the AWP Merger (which was completed in April 2016) and the related transactions had occurred on January 1, 2016. The *Pro Forma* 2016 Financial Information has not been audited, however, (1) the underlying income statement of Nordex SE for the financial year ended December 31, 2016 has been taken from the 2016 Audited Consolidated Financial Statements as audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, having its registered office at Friedrich-Ebert-Anlage 35-37, Frankfurt am Main, Germany; and (2) the underlying income statement of AWP for the three-month period ended March 31, 2016 as taken from the AWP Unaudited Interim Condensed Consolidated Financial Statement.

We believe the 2016 *Pro Forma* Financial Information presented herein is useful because it assists in comparing our performance on a consistent basis without regard to changes in our group entities.

The 2016 *Pro Forma* Financial Information has been prepared as of and for the year ended December 31, 2016 as if the transactions described above had been completed on January 1, 2016. The principal effects of this procedure are that: (i) the revenue and expenditure of AWP for the three-month period ended March 31, 2016 is recorded in our consolidated income statement; and (ii) the payment of the Cash Component (as defined above) and the financing raised by us to pay the Cash Component had taken place on January 1, 2016.

The 2016 *Pro Forma* Financial Information was prepared on the basis of the IDW Accounting Practice Statement: Preparation of *Pro Forma* Financial Information (IDW AcPS AAB 1.004) (IDW Rechnungslegungshinweis: Erstellung von Pro-Forma-Finanzinformationen (IDW RH HFA 1.004)), as promulgated by the Institute of Public Auditors in Germany (IDW, Institut der Wirtschaftsprüfer in Deutschland e.V.).

The adjustments in the 2016 *Pro Forma* Financial Information have been made based on available information and certain assumptions and estimates that management believes are reasonable. The 2016 *Pro Forma* Financial Information is for illustrative purposes only and does not purport to represent what our actual results of operations would actually have been had these transactions occurred on January 1, 2016. Nor does such 2016 *Pro Forma* Financial Information purport to project our actual net assets, financial position and results of operations for any future period.

The 2016 *Pro Forma* Financial Information should be read in conjunction with the notes hereto, the consolidated financial statements of Nordex SE and of AWP included elsewhere in this Company Report and the information set forth under “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Related Party Transactions*.”

### Historical financial information

The *Pro Forma* Income Statement for the period from January 1, to December 31, 2016 is based on the following historical financial information:

- the audited and published consolidated financial statements of Nordex SE for the financial year ended December 31, 2016 (the 2016 Audited Consolidated Financial Statements), prepared on the basis of IFRS, and the additional requirements of German commercial law pursuant to § 315a (1) HGB; and
- the unaudited interim consolidated financial statements of AWP for the three-month period ended March 31, 2016 (the AWP Unaudited Interim Condensed Consolidated Financial Statements), prepared on the basis of IAS 34: Interim Financial Reporting, as adopted by the EU.

The historical financial information underlying the *pro forma* income statement has been prepared on the basis of IFRS as adopted by the EU. The accounting principles have been consistently applied, as described in the notes to the consolidated financial statements of Nordex SE for the financial year ended December 31, 2016.

### Pro Forma Consolidated Income Statement for the Financial Year Ended December 31, 2016

	<u>Nordex (audited)</u>	<u>AWP</u>	<u>Disclosure adjustments</u>	<u>Subtotal</u> (unaudited) (in EUR million)	<u>Pro Forma Adjustments</u>	<u>Pro Forma</u>
Sales .....	3,395.0	192.0		3,587.0	0.0	3,587.0
Changes in inventories and other own work capitalized .....	0.4	0.9	1	1.3	0.0	1.3
<b>Total revenues .....</b>	<b>3,395.4</b>	<b>192.9</b>		<b>3,588.3</b>	<b>0.0</b>	<b>3,588.3</b>
Other operating income .....	35.7	1.6	1,2	37.3	0.0	37.3
Cost of materials .....	(2,559.4)	(151.8)		(2,711.2)	0.0	(2,711.2)
Personnel expenses/Staff costs .....	(289.9)	(19.4)		(309.3)	0.0	(309.3)
Depreciation/amortization .....	(117.0)	(5.1)		(122.1)	(13.2) A	(135.2)
Other operating expenses .....	(296.3)	(12.4)	3	(308.8)	0.0	(308.8)
<b>Earnings before interest and taxes (EBIT) .....</b>	<b>168.6</b>	<b>5.8</b>		<b>174.4</b>	<b>(13.2)</b>	<b>161.2</b>
Income from investments .....	0.5	0.0		0.5	0.0	0.5
Profit/loss from equity accounting method .....	0.0	0.0		0.0	0.0	0.0
Impairment of financial assets .....	(0.0)	0.0	3	0.0	0.0	(0.0)
Other interest and similar income .....	7.4	0.5		7.9	0.0	7.9
Interest and similar expenses .....	(34.7)	(1.8)		(36.5)	(1.3) B	(37.8)
<b>Financial result .....</b>	<b>(26.7)</b>	<b>(1.3)</b>		<b>(28.1)</b>	<b>(1.3)</b>	<b>(29.4)</b>
<b>Net profit/loss from ordinary activities .....</b>	<b>141.8</b>	<b>4.5</b>		<b>146.3</b>	<b>(14.5)</b>	<b>131.8</b>
Income tax .....	(46.5)	(1.1)	3	(47.6)	4.5 C	(43.1)
<b>Consolidated net profit .....</b>	<b>95.4</b>	<b>3.4</b>		<b>98.8</b>	<b>(10.0)</b>	<b>88.8</b>

### Reconciliation of historical financial information

#### Accounting principles

As stated in the IDW Accounting Practice Statement: Preparation of Pro-Forma Financial Information IDW AcPS AAB 1.004, no normalization of one-off effects has been made. The historical financial information of Nordex SE is therefore identical to the historical figures of the consolidated financial statements of Nordex SE for the financial year ended December 31, 2016.

The historical financial information of AWP for the three-month period ended March 31, 2016 has been adjusted to align with the presentation and valuation policies of Nordex SE as described in the notes to the consolidated financial statements of the Nordex SE for the financial year ended December 31, 2016.

No adjustments have been made with regard to accounting policies alignment as any differences have been considered as not material.



### Disclosure alignment adjustments

The interim consolidated income statement of AWP for the three-month period ended March 31, 2016 has been adjusted to the presentation and structure of the income statement of Nordex SE in the consolidated financial statements for the financial year ended December 31, 2016.

Presentation in AWP Unaudited Interim Condensed Consolidated Financial Statements for the three months ended March 31, 2016	Disclosure adjustments			Presentation in <i>Pro Forma</i> Consolidated Income Statement	
	1	2	3		
	(in EUR million)				
Revenue . . . . .	192.0			Sales . . . . .	192.0
		0.9		Changes in inventories and other own work capitalized . . . . .	0.9
Other income . . . . .	1.0	(0.9)	1.6	Other operating income . . . . .	1.6
Raw materials and other supplies used . . . . .	(151.8)			Cost of materials . . . . .	(151.8)
Personnel expenses . . . . .	(19.4)			Personnel expenses/Staff costs . . .	(19.4)
Amortisation and depreciation . . . . .	(5.1)			Depreciation/amortization . . . . .	(5.1)
Other external costs . . . . .	(11.7)		(0.7)	Other operating expenses . . . . .	(12.4)
Other gains/losses . . . . .	0.0			Income from investments . . . . .	0.0
Impairment of non-current assets . . .	—			Profit/loss from equity accounting method . . . . .	0.0
Impairment . . . . .	(0.2)		0.2	Impairment of financial assets . . .	0.0
Taxes . . . . .	(0.2)		0.2		—
Gains on disposal of non-current assets . . . . .	0.1	(0.1)			—
Finance income . . . . .	0.5			Other interest and similar income . . . . .	0.5
Finance costs . . . . .	(1.8)			Interest and similar expenses . . . .	(1.8)
Exchanges gains . . . . .	1.3	(1.5)	0.2		—
Income tax expense . . . . .	(1.2)		0.1	Income tax . . . . .	(1.1)

The following items in the AWP interim consolidated income statement have been adjusted in the reported income and expenses.

1. “Changes in inventories and own work capitalized” includes a total amount of EUR 887 thousand previously shown under “Other income” in the AWP income statement.
2. “Other operating income” includes a total amount of EUR 81 thousand previously shown under “Other income”, EUR 64 thousand under “Gains on disposal of non-current assets” and EUR 1,476 thousand previously shown under “Exchange gains/losses” in the AWP income statement.
3. “Other operating expenses” includes a total amount of EUR 11,688 thousand previously shown under “Other external costs”, EUR 192 thousand previously shown under “Taxes”, EUR 161 thousand previously shown under “Impairment”, EUR 186 thousand previously shown under “Exchange gains/losses” and EUR 183 thousand previously shown under “Income Tax expenses” in the AWP income statement.

### Basis of preparation

#### Accounting principles

The 2016 *Pro Forma* Financial Information has been prepared for informational purposes only and has not been prepared in accordance with Regulation S-X of the U.S. Securities Act, any other U.S. regulatory requirements or any U.S. generally accepted accounting standards.

The 2016 *Pro Forma* Financial Information has been prepared in accordance with the principles of the Institut der Wirtschaftsprüfer in Deutschland e.V. (“IDW”) Accounting Practice Statement: Preparation of Pro-Forma Financial Information IDW AcPS AAB 1.004. The *pro forma* adjustments made for the purposes of the *pro forma* income statement are based on the information available and certain *pro forma* assumptions of Nordex SE, as described in the *pro forma* adjustments.

The *pro forma* income statement does not consider possible synergies or cost savings, nor does it allow for normalization of restructuring costs or other additional costs that could arise in the future as a result of the AWP acquisition.

On the other hand, the *pro forma* income statement may include expenses that might not have been incurred if the acquisition had actually occurred on January 1, 2016. The figures in the tables of the *pro forma* income statement have been rounded off commercially, and may not therefore add up to the sums shown.

#### *Pro forma assumptions*

The *pro forma* income statement has been prepared as if the acquisition of AWP took place on January 1, 2016. For the purposes of the *pro forma* income statement, it is specifically assumed that the payment of the Cash Component and the financing raised by us to pay the Cash Component had taken place on January 1, 2016.

#### **Pro Forma Adjustments**

All adjustments described below have a lasting effect:

##### *(A) Additional depreciation due to purchase price allocation (“PPA”)*

As a result of the PPA in connection with the initial consolidation of AWP, a number of asset positions have been revalued as of April 1, 2016. By giving effect to this valuation on January 1, 2016, the below additional adjustments are required.

For “Property, plant and equipment” a revaluation of EUR 16,368 thousand occurred. This resulted in an additional straight-line depreciation for the full financial year ended December 31, 2016 amounting to EUR 2,811 thousand, whereof EUR 2,108 thousand were already considered in the consolidated financial statements 2016 and additional EUR 703 thousand result from *Pro Forma* numbers for the period ended March 31, 2016.

The revaluation of “own work capitalized” resulted in an adjustment of EUR 109,944 thousand, which related to various developments in the wing, tower, nacelle and software area. Useful lives of between 3 and 10 years were assumed for these developments, with the resulting straight-line depreciation amounting to EUR 16,812 thousand, whereof EUR 12,609 thousand were already considered in the consolidated financial statements 2016 and additional EUR 4,203 thousand result from *Pro Forma* numbers for the period ended March 31, 2016.

The adjustment to “Other intangible assets” affected brands and product names in addition to completed and expected project and service contracts, and amounts to EUR 120,465 thousand. For the brands and product names, a useful life of 5 years was assumed, while a contract-related economic life of 3 to 4 years was assumed for project contracts and 20 years for service contracts. The additional depreciation on these amounts to EUR 33,053 thousand for the financial year ended December 31, 2016, whereof EUR 24,790 thousand were already considered in the consolidated financial statements 2016 and additional EUR 8,263 thousand result from *Pro Forma* numbers for the period ended March 31, 2016.

As part of the depreciation over the financial year ended December 31, 2016, the deferred tax liabilities were reversed through profit or loss in the amount of EUR 16,788 thousand whereof EUR 12,763 thousand were already considered in the consolidated financial statements 2016 and additional EUR 4,025 thousand resulted from *Pro Forma* numbers for the period ended March 31, 2016.

##### *(B) Issue of Schuldscheindarlehen*

For the purposes of the *pro forma* income statement, it is assumed that on January 1, 2016, a EUR 300,000 thousand tranche of the total Schuldscheindarlehen in the amount of EUR 550,000 thousand (25 per cent. Fixed and 75 per cent. Floating term) was issued to pay the Cash Component. EUR 75,000 thousand were taken from the fixed portion with a term of between 3 and 10 years with a coupon of between 1.50 per cent. and 2.96 per cent. per annum, depending on maturity, and EUR 225,000 thousand were taken from the variable portion with a term between 3 and 7 years with interest at maturity of between 1.50 per cent. and 2.10 per cent. above the base rate per annum. The interest for the financial year ended December 31, 2016 totaled EUR 5,131 thousand, whereof EUR 3,848 thousand were already considered in the consolidated financial statements 2016 and additional EUR 1,283 thousand result from *Pro Forma* numbers for the period ended March 31, 2016. The tax expenses and deferred tax liabilities were accordingly reduced by EUR 449 thousand.

##### *(C) Resulting tax adjustments*

Reflects the adjustments to income tax resulting from and as described in adjustments A and B above. These were calculated on the basis of country-specific tax rates between 28.0 per cent. and 33.25 per cent. for the

additional depreciation adjustments. For the Schuldscheindarlehen adjustment, the impact was calculated using a blended group tax rate of 35.0 per cent.

***Additional unaudited pro forma financial information for the period from January 1 to September 30, 2016***

Under the *pro forma* assumptions described above in these notes to the 2016 *Pro Forma* Financial Information, the unaudited *pro forma* consolidated income statement for the nine-month period ended September 30, 2016 is as follows:

	<u>Nordex</u>	<u>AWP</u>	<u>Notes</u>	<u>Subtotal</u> (unaudited) (in EUR million)	<u>Pro Forma</u> <u>Adjustments</u>	<u>Pro Forma</u>
Sales .....	2,339.5	192.0		2,531.5	0.0	2,531.5
Changes in inventories and other own work capitalized .....	21.2	0.9	1	22.1	0.0	22.1
<b>Total revenues .....</b>	<b>2,360.7</b>	<b>192.9</b>		<b>2,553.6</b>	<b>0.0</b>	<b>2,553.6</b>
Other operating income .....	27.6	1.6	1,2	29.2	0.0	29.2
Cost of materials .....	(1,789.0)	(151.8)		(1,940.8)	0.0	(1,940.8)
Personnel expenses/Staff costs .....	(205.2)	(19.4)		(224.6)	0.0	(224.6)
Depreciation/amortization .....	(78.1)	(5.1)		(83.2)	(13.2) A	(96.3)
Other operating expenses .....	(190.3)	(12.4)	3	(202.7)	0.0	(202.7)
<b>Earnings before interest and taxes</b> <b>(EBIT) .....</b>	<b>125.8</b>	<b>5.8</b>		<b>131.6</b>	<b>(13.2)</b>	<b>118.4</b>
Income from investments .....	0.5	0.0		0.5	0.0	0.5
Profit/loss from equity accounting method ....	(2.4)	0.0		(2.4)	0.0	(2.4)
Impairment of financial assets .....	—	0.0	3	—	0.0	—
Other interest and similar income .....	3.9	0.5		4.4	0.0	4.4
Interest and similar expenses .....	(25.8)	(1.8)		(27.6)	(1.3) B	(28.9)
<b>Financial result .....</b>	<b>(23.8)</b>	<b>(1.3)</b>		<b>(25.1)</b>	<b>(1.3)</b>	<b>(26.4)</b>
<b>Net profit/loss from ordinary activities ....</b>	<b>102.0</b>	<b>4.5</b>		<b>106.5</b>	<b>(14.5)</b>	<b>92.0</b>
Income tax .....	(37.6)	(1.1)	3	(38.7)	4.5 C	(34.2)
<b>Consolidated net profit .....</b>	<b>64.4</b>	<b>3.4</b>		<b>67.8</b>	<b>(10.0)</b>	<b>57.8</b>

***Historical information***

The *Pro Forma* Income Statement for the period from January 1, to September 30, 2016 is based on the following historical financial information:

- the unaudited and unpublished consolidated financial statements of Nordex SE for the nine-month period ended September 30, 2016 (the Unaudited Interim Condensed Consolidated Financial Statements), prepared on the basis of IAS 34: Interim Financial Reporting, as adopted by the EU; and
- the unaudited consolidated financial statements of AWP for the three-month period ended March 31, 2016 (the AWP Unaudited Interim Condensed Consolidated Financial Statements), prepared on the basis of IAS 34: Interim Financial Reporting, as adopted by the EU.

The historical financial information underlying the *pro forma* income statement has been prepared on the basis of IFRS as adopted by the EU. The accounting principles have been consistently applied, as described in the notes to the consolidated financial statements of Nordex SE for the financial year ended December 31, 2016.

Disclosure and *pro forma* adjustments are applied in accordance with and for exactly the same amounts as described for the the *Pro Forma* Consolidated Income Statement for the Financial Year Ended December 31, 2016. For the notes to the nine-month period ended September 30, 2016 please refer to the aforementioned adjustments for the period ended December 31, 2016 as they are applied in the same way.

## 2015 UNAUDITED *PRO FORMA* FINANCIAL INFORMATION

On October 5 / 6, 2015, Nordex SE and Acciona S.A. entered into a Share Purchase and Business Combination Agreement, pursuant to which Nordex SE acquired Acciona S.A.'s wind power business by merging with AWP. The AWP Merger was completed on April 1, 2016.

Pursuant to the terms of the AWP Merger, Nordex SE paid Acciona S.A. the Cash Component and the Equity Component, which were issued pursuant to an increase in the subscribed capital of Nordex SE in the financial year 2016. The subscribed capital of Nordex SE was increased by EUR 16,100,000 to the full amount of the subscribed capital of EUR 96,982,447 in the financial year 2016 pursuant to a resolution of the Supervisory Board dated March 31, 2016.

As the acquisition has had a significant impact on the net assets, financial position and results of operations of the Group, the following unaudited *pro forma* financial information, consisting of a *pro forma* income statement for the period from January 1, 2015 to December 31, 2015, has been created (the “**2015 Pro Forma Financial Information**”).

The 2015 *Pro Forma* Financial Information is derived from (1) the audited consolidated income statements of Nordex SE for the financial year ended December 31, 2015 and (2) the audited consolidated income statements of AWP for the financial year ended December 31, 2015.

The 2015 *Pro Forma* Financial Information presents the consolidated income statement as if the AWP Merger (which was completed in April 2016) and the related transactions had occurred on January 1, 2015. The 2015 *Pro Forma* Financial Information has not been audited, however, (1) the underlying income statement of Nordex SE for the financial year ended December 31, 2015 has been derived from the 2015 Audited Consolidated Financial Statements as audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, having its registered office at Friedrich-Ebert-Anlage 35-37, Frankfurt am Main, Germany and (2) the underlying income statement of AWP for the financial year ended December 31, 2015 has been derived from the AWP Spanish Language 2015 Audited Consolidated Financial Statements as audited by KPMG Auditores, S.L.

We believe the 2015 *Pro Forma* Financial Information presented herein is useful because it assists in comparing our performance on a consistent basis without regard to changes in our group entities.

The 2015 *Pro Forma* Financial Information has been prepared as of and for each of the year ended December 31, 2015, as if the transactions described above had been completed on January 1, 2015. The principal effects of this procedure are that: (i) the revenue and expenditure of AWP for the financial year ended 2015 is recorded on our consolidated income statement and (ii) the payment of the Cash Component (as defined above) and the financing raised by us to pay the Cash Component had taken place on January 1, 2015.

The 2015 *Pro Forma* Financial Information has been prepared for informational purposes only and has not been prepared in accordance with Regulation S-X of the U.S. Securities Act, any other U.S. regulatory requirements or any U.S. generally accepted accounting standards. Furthermore, *pro forma* financial information usually covers only a current interim period and the last completed financial year, at most, whereas the *Pro Forma* Financial Information included in this Company Report presents the last two completed financial years of Nordex. The 2015 *Pro Forma* Financial Information has not been prepared in accordance with IDW AcPS AAB 1.004 or any other accounting standard as these are not applicable to *pro forma* financial information presented for a period older than the last completed financial year of Nordex such as the 2015 *Pro Forma* Financial Information.

The adjustments in the 2015 *Pro Forma* Financial Information have been made based on available information and certain assumptions and estimates that management believes are reasonable. The 2015 *Pro Forma* Financial Information is for illustrative purposes only and does not purport to represent what our actual results of operations would actually have been had these transactions occurred on January 1, 2015. Nor does such 2015 *Pro Forma* Financial Information purport to project our actual net assets, financial position and results of operations for any future period.

The 2015 *Pro Forma* Financial Information should be read in conjunction with the notes hereto, the consolidated financial statements of Nordex SE and of AWP included elsewhere in this Company Report and the information set forth under “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Related Party Transactions*.”

### Historical financial information

The *Pro Forma* Income Statement for the period from January 1, to December 31, 2015 is based on the following historical financial information:

- the audited and published consolidated financial statements of Nordex SE for the financial year ended December 31, 2015 (the 2015 Audited Consolidated Financial Statements), prepared on the basis of IFRS, and the additional requirements of German commercial law pursuant to § 315a (1) HGB; and
- the audited Spanish language consolidated financial statements of AWP for the financial year ended December 31, 2015 (the AWP Spanish Language 2015 Audited Consolidated Financial Statements), prepared on the basis of IFRS.

The historical financial information underlying the *pro forma* income statement has been prepared on the basis of IFRS as adopted by the EU. The accounting principles have been consistently applied, as described in the notes to the consolidated financial statements of Nordex SE for the financial year ended December 31, 2015.

### *Pro Forma Consolidated Income Statement for the Financial Year Ended December 31, 2015*

	<u>Nordex (audited)</u>	<u>AWP*</u>	<u>Disclosure adjustments</u>	<u>Subtotal</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma</u>
	<u>(unaudited except as noted)</u>					
	<u>(in EUR million)</u>					
Sales .....	2,430.1	949.7	1	3,379.8	0.0	3,379.8
Changes in inventories and other own work capitalized .....	(14.0)	3.2	2	(10.8)	0.0	(10.8)
<b>Total revenues .....</b>	<b>2,416.1</b>	<b>952.9</b>		<b>3,369.0</b>	<b>0.0</b>	<b>3,369.0</b>
Other operating income .....	21.4	5.2	1,2,3	26.6	0.0	26.6
Cost of materials .....	(1,879.8)	(794.9)	4	(2,674.7)	0.0	(2,674.7)
Personnel expenses/Staff costs .....	(197.3)	(66.6)		(263.9)	0.0	(263.9)
Depreciation/amortization .....	(56.1)	(19.5)	1	(75.6)	(52.7)	(128.3)
Other operating expenses .....	(178.1)	(10.9)	1,4,5	(189.0)	(0.9)	(189.9)
<b>Earnings before interest and taxes (EBIT) .....</b>	<b>126.2</b>	<b>66.2</b>		<b>192.4</b>	<b>(53.5)</b>	<b>138.8</b>
Income from investments .....	1.0	0.0	5	1.0	0.0	1.0
Profit/loss from equity accounting method .....	(1.2)	—		(1.2)	0.0	(1.2)
Impairment of financial assets .....	(7.1)	0.0	5	(7.1)	0.0	(7.1)
Other interest and similar income ....	2.4	2.5		4.9	0.0	4.9
Interest and similar expenses .....	(23.3)	(8.0)	1	(31.3)	(5.1)	(36.4)
<b>Financial result .....</b>	<b>(28.2)</b>	<b>(5.5)</b>		<b>(33.7)</b>	<b>(5.1)</b>	<b>(38.8)</b>
<b>Net profit/loss from ordinary activities .....</b>	<b>98.1</b>	<b>60.6</b>		<b>158.7</b>	<b>(58.7)</b>	<b>100.0</b>
Income tax .....	(45.8)	(18.1)	1	(63.9)	18.7	(45.2)
<b>Consolidated net profit .....</b>	<b>52.3</b>	<b>42.6</b>	<b>1</b>	<b>94.9</b>	<b>(40.0)</b>	<b>54.9</b>

\* See “Disclosure alignment adjustments” below

### *Reconciliation of historical financial information*

#### *Accounting principles*

No normalization of one-off effects has been made. The historical financial information of Nordex SE is therefore identical to the historical figures of the consolidated financial statements of Nordex SE for the financial year ended December 31, 2015.

The historical financial information of AWP for the financial year ended December 31, 2015 has been adjusted to align with the presentation, accounting and valuation policies of Nordex SE as described in the notes to the consolidated financial statements of the Nordex SE for the financial year ended December 31, 2015.

No adjustments have been made with regard to accounting policies alignment as any differences have been considered as not material.



### Disclosure alignment adjustments

The income statement of AWP for the financial year ended December 31, 2015 has been adjusted to the presentation and structure of the income statement of Nordex SE in the consolidated financial statements for the financial year ended December 31, 2015.

Presentation in AWP Spanish Language 2015 Audited Consolidated Financial Statements	Disclosure adjustments					Presentation in <i>Pro Forma</i> Consolidated Income Statement
	1	2	3	4	5	
		(in EUR million) (unaudited)				
Revenue / <i>Ingresos</i>						
<i>ordinarios</i> . . . . .	958.0	(8.3)				Sales . . . . . 949.7
			3.2			Changes in inventories and other own work capitalized . . . . . 3.2
Other income / <i>Otros</i>						
<i>ingresos</i> . . . . .	5.2	(0.2)	(3.2)	3.4		Other operating income . . . 5.2
Raw materials and other supplies / <i>Consumo de materias primas y otros aprovisionamientos</i> . . . . .	(756.0)			(38.9)		Cost of materials . . . . . (794.9)
Personnel expenses / <i>Gastos de personal</i> . . . . .	(66.6)					Personnel expenses/Staff costs . . . . . (66.6)
Amortisation and depreciation / <i>Dotación a la amortización</i> . . . . .	(21.7)	2.2				Depreciation / amortization . . . . . (19.5)
Other external costs / <i>Otros gastos externos</i> . . . . .	(48.9)	2.2		38.9	(3.1)	Other operating expenses . . (10.9)
Other gains/losses / <i>Otras ganancias o pérdidas</i> . . . . .	(0.5)				0.5	Income from investments . . 0.0
Impairment / <i>Correcciones valorativas</i> . . . . .	(1.6)				1.6	Impairment of financial assets . . . . . 0.0
Taxes / <i>Tributos</i> . . . . .	(1.0)				1.0	
Gains/losses on disposal of non-current assets / <i>Resultados por enajenación de activos no corrientes</i> . . .	0.8		(0.8)			
Finance income / <i>Ingresos financieros</i> . . . . .	2.5					Other interest and similar income . . . . . 2.5
Finance costs / <i>Gastos financieros</i> . . . . .	(9.5)	1.5				Interest and similar expenses . . . . . (8.0)
Exchanges gains/losses / <i>Diferencias de cambio</i> . . .	2.6		(2.6)			
Income tax expenses / <i>Gasto por impuesto sobre las ganancias</i> . . . . .	(18.8)	0.7				Income tax . . . . . (18.1)
Profit / (Loss) for the year / <i>Resultado del ejercicio</i> . . . .	44.6	(2.0)				Consolidated Net Profit . . . 42.6

The following items in the AWP income statement have been adjusted in the reported income and expenses.

- The following income and expenses have been adjusted to reflect the prototype wind farms not acquired by Nordex under the AWP transaction.

Item	EUR (thousand)
Revenues . . . . .	(8,292)
Other company income . . . . .	(239)
Depreciation . . . . .	2,133
Other operating expenses . . . . .	2,237
Interest and similar expenses . . . . .	1,483
Income taxes . . . . .	727
Consolidated Net Profit . . . . .	(1,951)

2. “Changes in inventories and other own work capitalized” includes a total amount of EUR 3,171 thousand previously shown under “Other income” in the AWP financial statements.
3. “Other operating income” includes a total amount of EUR 2,075 thousand previously shown under “Other income”, EUR 756 thousand previously shown under “Gains and losses on disposal of non-current assets” and EUR 2,592 thousand previously shown under “Exchanges gains/losses in the AWP financial statements.”
4. “Cost of materials” includes a total amount of EUR 756,009 thousand previously shown under “Raw materials and other supplies” and EUR 38,847 thousand previously shown under “Other external costs” in the AWP financial statements.
5. “Other operating expenses” includes a total amount of EUR 10,016 thousand previously shown under “Other external costs”, EUR 993 thousand previously shown under “Taxes”, EUR 1,619 thousand previously shown under “Impairment” and EUR 543 thousand previously shown under “Other gains/losses” in the AWP financial statements.

### ***Basis of preparation***

#### *Accounting principles*

The *pro forma* adjustments made for the purposes of the *pro forma* income statement are based on the information available and certain *pro forma* assumptions of Nordex SE, as described in the *pro forma* notes.

The *pro forma* income statement does not consider possible synergies or cost savings, nor does it allow for normalization of restructuring costs or other additional costs that could arise in the future as a result of the AWP acquisition.

On the other hand, the *pro forma* income statement may include expenses that might not have been incurred if the acquisition had actually occurred on January 1, 2015. The figures in the tables of the *pro forma* income statement have been rounded off commercially, and may not therefore add up to the sums shown.

#### *Pro forma assumptions*

The 2015 *pro forma* income statement has been prepared as if the acquisition of AWP took place on January 1, 2015. For the purposes of the *pro forma* income statement, it is specifically assumed that (i) the capital increase associated with the Equity Component had taken place on January 1, 2015 and (ii) the payment of the Cash Component and the financing raised by us to pay the Cash Component had taken place on January 1, 2015.

### ***Pro Forma Adjustments***

#### *Adjustments with a lasting effect*

##### *(A) Additional depreciation due to purchase price allocation (“PPA”)*

As a result of the PPA in connection with the initial consolidation of AWP, a number of asset positions have been revalued as of April 1, 2016. By giving effect to this valuation on January 1, 2015, the below additional adjustments are required.

As a result of the PPA in connection with the initial consolidation of AWP, a revaluation of EUR 16,368 thousand was made for the item “Property, plant and equipment.” Based on a useful life of 10 years, additional depreciation for the financial year ended December 31, 2015 amounts to EUR 2,811 thousand.

The revaluation of “own work capitalized” on January 1, 2015 results in an adjustment of EUR 109,944 thousand, which relates to various developments in the wing, tower, nacelle and software area. Useful lives of between 3 and 10 years were assumed for these developments, with the resulting depreciation amounting to EUR 16,812 thousand for the financial year ended December 31, 2015.

In addition, the balance sheet item “Other intangible assets” was revalued on January 1, 2015. The adjustment affects brands and product names in addition to completed and expected project and service contracts, and amounts to EUR 120,465 thousand. For the brands and product names, a useful life of 5 years was assumed, while a contract-related economic life of 3 to 4 years was assumed for project contracts and 20 years for service contracts. The additional depreciation on these amounts to EUR 33,053 thousand for the financial year ended December 31, 2015.

As part of the depreciation over the financial year ended December 31, 2015, the deferred tax liabilities were reversed through profit or loss in the amount of EUR 16,788 thousand.

*(B) Issue of Schuldscheindarlehen*

For the purposes of the *pro forma* income statement, it is assumed that on January 1, 2015, a EUR 300 million tranche of the total Schuldscheindarlehen in the amount of EUR 550 million (25 per cent. fixed and 75 per cent. floating term) was issued to pay the Cash Component. EUR 75 million were taken from the fixed portion with a term between 3 and 10 years and a coupon between 1.50 per cent. and 2.96 per cent. per annum, depending on maturity, and EUR 225 million were taken from the variable portion with a term between 3 and 7 years and an interest at maturity between 1.50 per cent. and 2.10 per cent. above the base rate per annum. The interest for the financial year ended December 31, 2015 totaled EUR 5,131 thousand. The tax expenses and deferred tax liabilities were accordingly reduced by EUR 1,616 thousand.

*Adjustments with a one-time effect*

*(C) Transaction costs*

Tax-deductible transaction costs (mainly consulting fees) in the amount of EUR 868 thousand are recorded as if they had occurred in the financial year ended December 31, 2015. The associated tax expenses and the deferred tax liabilities were accordingly reduced by EUR 273 thousand.

*(D) Resulting Tax adjustments*

Reflects the adjustments to income tax resulting from and as described in adjustments A, B and C above. For (A), these were calculated on the basis of country-specific tax rates between 28.0 per cent. and 33.25 per cent. for the additional depreciation adjustments. For the Schuldscheindarlehen adjustment (B), the impact was calculated using a blended group tax rate of 35.0 per cent. For the transaction cost adjustment (C) an average tax rate of 31.5 per cent. was used.

## SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The following tables presents our selected financial information and should be read in conjunction with our audited consolidated financial statements as of and for the years ended December 31, 2016, 2015 (including comparative figures for the financial year ended December 31, 2014) and 2014 and our unaudited interim condensed consolidated financial statements as of and for the nine months ended September 30, 2017 (including comparative figures for the nine months ended September 30, 2016), which are reproduced elsewhere in this Company Report and the section entitled “Management’s Discussion and Analysis of Financial Conditions and Results of Operations.” The selected financial information provided below was derived from the Consolidated Financial Statements. These financial statements were prepared in accordance with IFRS. Our consolidated financial statements as of and for the years ended December 31, 2016, 2015 and 2014 were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, which issued an unqualified audit opinion for each financial year. The unaudited interim condensed consolidated financial statements as of and for the nine months ended September 30, 2017 (including comparative figures for the nine months ended September 30, 2016), which were prepared in accordance with IAS 34, have not been audited. The information below is not necessarily indicative of the results of future operations.

### Consolidated Income Statement

	For the financial year ended December 31,			For the nine months ended September 30,	
	2014 <sup>(1)</sup>	2015 <sup>(1)</sup>	2016 <sup>(1)</sup>	2016 <sup>(1)</sup>	2017
	(audited)			(unaudited)	
	(in EUR million)				
Sales . . . . .	1,734.5	2,430.1	3,395.0	2,339.5	2,319.5
Changes in inventories and other own work capitalized . . .	4.9	(14.0)	0.4	21.2	45.4
<b>Total revenues . . . . .</b>	<b>1,739.5</b>	<b>2,416.1</b>	<b>3,395.4</b>	<b>2,360.7</b>	<b>2,364.9</b>
Other operating income . . . . .	22.7	21.4	35.7	27.6	6.1
Cost of materials . . . . .	(1,342.7)	(1,879.8)	(2,559.4)	(1,789.0)	(1,741.9)
Personnel expenses/Staff costs . . . . .	(167.7)	(197.3)	(289.9)	(205.2)	(247.6)
Depreciation/amortization . . . . .	(43.0)	(56.1)	(117.0)	(78.1)	(118.6)
Other operating expenses . . . . .	(130.7)	(178.1)	(296.3)	(190.3)	(199.4)
<b>Earnings before interest and taxes (EBIT) . . . . .</b>	<b>78.0</b>	<b>126.2</b>	<b>168.6</b>	<b>125.8</b>	<b>63.3</b>
Income from investments . . . . .	0.3	1.0	0.5	0.5	0.5
Profit/loss from equity accounting method . . . . .	(2.5)	(1.2)	(0.0)	(2.4)	(0.7)
Impairment of financial assets . . . . .	(2.5)	(7.1)	(0.0)	—	(0.0)
Other interest and similar income . . . . .	2.4	2.4	7.4	3.9	4.6
Interest and similar expenses . . . . .	(20.5)	(23.3)	(34.7)	(25.8)	(24.0)
<b>Financial result . . . . .</b>	<b>(22.7)</b>	<b>(28.2)</b>	<b>(26.7)</b>	<b>(23.8)</b>	<b>(19.7)</b>
<b>Net profit/loss from ordinary activities . . . . .</b>	<b>55.3</b>	<b>98.1</b>	<b>141.8</b>	<b>102.0</b>	<b>43.7</b>
Income tax . . . . .	(16.3)	(45.8)	(46.5)	(37.6)	(15.8)
<b>Consolidated net profit . . . . .</b>	<b>39.0</b>	<b>52.3</b>	<b>95.4</b>	<b>64.4</b>	<b>27.9</b>

(1) AWP is only included from the date of the consolidation, April 1, 2016. See “Management’s Discussion and Analysis of Financial Conditions and Results of Operations—Basis of Presentation and Factors Affecting the Comparability of Financial Information.”

## Consolidated Statement of Financial Position

	As of December 31,			As of September 30,
	2014 <sup>(1)(2)</sup>	2015 <sup>(1)</sup>	2016 <sup>(1)</sup>	2017
		(audited)		(unaudited)
		(in EUR million)		
<b>Assets</b>				
Cash and cash equivalents . . . . .	388.4	529.0	649.5	453.2
Trade receivables and future receivables from construction contracts . . . . .	185.5	275.5	699.4	681.0
Inventories . . . . .	273.9	218.6	197.5	277.8
Income tax refund claims . . . . .	1.7	4.8	8.4	13.4
Other current financial assets . . . . .	27.5	42.1	41.2	44.1
Other current non-financial assets . . . . .	44.2	69.0	123.2	117.6
<b>Current assets</b> . . . . .	<b>921.2</b>	<b>1,139.0</b>	<b>1,719.1</b>	<b>1,587.1</b>
Property, plant and equipment . . . . .	136.2	145.6	266.4	287.1
Goodwill . . . . .	10.0	10.0	547.8	547.8
Capitalized R&D expense . . . . .	106.1	110.9	219.7	214.3
Other intangible assets . . . . .	2.9	5.8	114.6	78.9
Financial assets . . . . .	2.2	2.2	2.4	5.2
Investments in associates . . . . .	13.3	8.7	6.7	6.0
Other non-current financial assets . . . . .	3.1	2.9	3.4	4.2
Other non-current non-financial assets . . . . .	0.0	0.0	0.0	0.0
Deferred tax assets . . . . .	44.8	35.1	114.1	101.4
<b>Non-current assets</b> . . . . .	<b>318.6</b>	<b>321.2</b>	<b>1,275.1</b>	<b>1,244.9</b>
<b>Assets</b> . . . . .	<b>1,239.9</b>	<b>1,460.1</b>	<b>2,994.2</b>	<b>2,832.0</b>
<b>Equity and liabilities</b>				
Current liabilities to banks . . . . .	0.0	6.6	16.7	53.3
Trade payables . . . . .	177.5	254.9	377.3	578.4
Income tax payables . . . . .	3.9	11.9	31.5	33.2
Other current provisions . . . . .	31.1	66.5	163.2	145.8
Other current financial liabilities . . . . .	25.7	184.2	139.2	20.6
Other current non-financial liabilities . . . . .	391.1	353.5	514.3	257.3
<b>Current liabilities</b> . . . . .	<b>629.2</b>	<b>877.6</b>	<b>1,242.2</b>	<b>1,088.6</b>
Non-current liabilities to banks . . . . .	0.0	43.8	626.7	614.5
Pensions and similar obligations . . . . .	1.8	1.7	1.9	1.9
Other non-current provisions . . . . .	21.4	22.6	43.6	55.5
Other non-current financial liabilities . . . . .	156.8	0.0	3.1	3.0
Other non-current non-financial liabilities . . . . .	3.8	3.5	2.2	1.0
Deferred tax liabilities . . . . .	30.8	55.4	134.6	113.1
<b>Non-current liabilities</b> . . . . .	<b>214.6</b>	<b>126.9</b>	<b>812.0</b>	<b>789.1</b>
Subscribed capital . . . . .	80.9	80.9	97.0	97.0
Share premium . . . . .	242.6	229.1	597.6	597.6
Other retained earnings . . . . .	(8.0)	(11.0)	23.7	23.7
Cash flow hedges . . . . .	(2.9)	1.7	2.2	3.0
Foreign currency adjustment item . . . . .	1.8	5.7	9.7	(4.7)
Consolidated net profit carried forward . . . . .	81.6	149.2	209.8	209.8
Consolidated net profit . . . . .	0.0	0.0	0.0	27.9
Share in equity attributable to parent company's shareholders . . . . .	396.0	455.6	940.0	954.3
<b>Equity capital</b> . . . . .	<b>396.0</b>	<b>455.6</b>	<b>940.0</b>	<b>954.3</b>
<b>Equity and liabilities</b> . . . . .	<b>1,239.9</b>	<b>1,460.1</b>	<b>2,994.2</b>	<b>2,832.0</b>

(1) AWP is only included from the date of the consolidation, April 1, 2016. See "Management's Discussion and Analysis of Financial Conditions and Results of Operations—Basis of Presentation and Factors Affecting the Comparability of Financial Information."

(2) The figures for the financial year ended December 31, 2014 have been derived from the comparative figures included in the 2015 Audited Consolidated Financial Statements. These figures deviate from the figures included in the 2014 Audited Consolidated Financial Statements due to a restatement as a result of the inclusion of fixed-term deposits in cash and cash equivalents. For further information please refer to the notes to the 2015 Audited Consolidated Financial Statements, included elsewhere in this Company Report.



## Consolidated Cash Flow Statement

	For the financial year ended December 31,			For the nine months ended September 30,	
	2014 <sup>(1)(2)</sup>	2015 <sup>(1)</sup>	2016 <sup>(1)</sup>	2016 <sup>(1)</sup>	2017
	(audited)			(unaudited)	
	(in EUR million)				
<b>Cash and cash equivalents at the beginning of the period . . . . .</b>	<b>333.0</b>	<b>388.4</b>	<b>529.0</b>	<b>529.0</b>	<b>649.5</b>
Cash flow from operating activities . . . . .	160.3	168.0	144.4	(115.1)	(95.5)
Cash flow from investing activities . . . . .	(71.6)	(73.4)	(399.2)	(357.0)	(110.1)
Cash flow from financing activities . . . . .	(38.3)	50.0	369.2	372.8	21.1
<b>Change in cash and cash equivalents . . . . .</b>	<b>50.4</b>	<b>144.6</b>	<b>114.4</b>	<b>(99.4)</b>	<b>(184.5)</b>
<b>Cash and cash equivalents at the end of the period<sup>(1)</sup></b>					
<b>(Cash and cash equivalents as per consolidated statement of financial position) . . . . .</b>	<b>388.4</b>	<b>529.0</b>	<b>649.5</b>	<b>430.6</b>	<b>453.2</b>

(1) AWP is only included from the date of the consolidation, April 1, 2016. See “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations—Basis of Presentation and Factors Affecting the Comparability of Financial Information.*”

(2) The figures for the financial year ended December 31, 2014 have been derived from the comparative figures included in the 2015 Audited Consolidated Financial Statements. These figures deviate from the figures included in the 2014 Audited Consolidated Financial Statements due to a restatement as a result of the inclusion of fixed-term deposits in cash and cash equivalents. For further information please refer to the notes to the 2015 Audited Consolidated Financial Statements, included elsewhere in this Company Report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following review relates to our financial condition and results of operations as of and for the periods discussed below. This “Management’s Discussion and Analysis of Financial Condition and Results of Operations” is based on the Audited Consolidated Financial Statements, the Unaudited Interim Condensed Consolidated Financial Statements, the 2016 Unaudited Pro forma Financial Information and the 2015 Unaudited Pro Forma Financial Information included in this Company Report and other consolidated financial information prepared on a pro forma basis and should be read in conjunction with “Selected Historical Consolidated Financial Information”, “Unaudited Pro Forma Financial Information” and the financial statements included in this Company Report. The following discussion of our results of operations and financial condition contains forward-looking statements. Our actual results could differ materially from those that we discuss in these forward looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this Company Report, particularly under “Risk Factors” and “Forward-Looking Statements.”*

*Our audited consolidated financial information for the financial years ended December 31, 2016, 2015 and 2014 and our unaudited consolidated financial information for the nine months ended September 30, 2017 and September 30, 2016 is not directly comparable as a consequence of the AWP Merger, which was consolidated with our Group accounts in effect from April 1, 2016. Where indicated, the information set out below in connection with our income statements for the financial years ended December 31, 2016 and December 31, 2015 and for the nine months ended September 30, 2016 has therefore been presented on a pro forma basis as if the AWP Merger occurred on the first day of each relevant period, as applicable. Unless otherwise indicated, the information set out below has been presented on an actual basis.*

### Recent Developments

*The preliminary results and estimates presented below have not been audited, are derived from internal management accounts and are subject to our financial closing procedures. These procedures have not been completed. They are subject to the risks related to our business, including those set out under “Risk Factors” and “Forward-Looking Statements” in this Company Report, and are inherently subject to modification.*

*While we believe these preliminary results and estimates to be reasonable, our actual results could vary from these estimates and these differences could be material.*

### November 2017 Trading Update

The following table sets out our sales, order intake, order book and costs and expenses for the periods indicated:

Item	Eleven months ended November 30, 2016	Eleven months ended November 30, 2017
	(EUR million) (unaudited)	
Total sales <sup>(1)</sup> . . . . .	2,886.7	2,724.6
Sales from Projects . . . . .	2,661.7	2,452.2
Sales from Services . . . . .	240.0	281.1
Total order intake . . . . .	2,746.2	1,496.0
Projects order intake . . . . .	2,290.5	1,275.6
Services order intake . . . . .	455.7	220.4
Total order book . . . . .	3,340.3	2,947.4
Projects order book . . . . .	1,677.4	1,035.3
Services order book . . . . .	1,662.8	1,912.1
Costs and expenses <sup>(2)</sup> . . . . .	2,690.8	2,633.2

(1) The sum of sales from Projects and sales from Services does not together equate to total sales, which reflects consolidation effects. For further information regarding these consolidation effects, please refer to the notes relating to our segment reporting in our consolidated financial statements included elsewhere in this Company Report.

(2) Cost of material, staff costs and other operating expenses.

### The Refinancing

The Amended MGF Agreement was entered into on December 5, 2017. The Amended EIB Contract was entered into on January 12, 2018.

### ***Outlook for full year 2017***

Based on our performance in the first nine months of 2017, and the sales, order intake, order book and costs and expenses as of November 30, 2017 presented above, we expect that our sales for the full 2017 financial year to be slightly below EUR 3.1 billion. Our order intake during the third quarter of 2017 was affected by a significant decline in sales in the German market - a consequence of volume reductions caused by the introduction of auctions in Germany during 2017, which has decreased our sales in the German market - and delays in expected major international orders. In the fourth quarter of 2017, we received firm orders for 1,598.6 MW (Q4/2016: 1,420.8 MW), an increase of 12.5 per cent. compared to the fourth quarter of 2016. The prepayments received in connection with the order intake in the fourth quarter of 2017 contributed to our expected cash and cash equivalents position of more than EUR 600 million as of December 31, 2017.

Furthermore, we expect our EBITDA margin to be in the range of 7.8 per cent. to 8.2 per cent. (before non-recurring expenses in connection with our cost reduction program) for the full 2017 financial year. We aim to achieve cost savings of approximately EUR 45 million by the end of the 2018 financial year and, in that context, we anticipate one-off restructuring costs in 2017 to be below the EUR 45 million cost savings.

We also expect our full 2017 financial year working capital ratio to be between five and seven per cent. and our capital expenditures to be approximately EUR 150 million. Our working capital ratio is expected to decline during the fourth quarter of 2017, but to stay within the aforementioned range for the full 2017 financial year, supported by higher prepayments for new orders from our customers.

*The preliminary financial data included in this Company Report in connection with the outlook for the full year 2017 has been prepared by, and is the responsibility of, Nordex's management. Neither PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft nor KPMG Auditores, S.L. have audited, reviewed, compiled, or performed any procedures with respect to the preliminary financial data. Accordingly, neither PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft nor KPMG Auditores, S.L. express an opinion or any other form of assurance with respect thereto. There may be material differences between preliminary or estimated financial data set forth in this Company Report and actual results.*

### ***Strategic assessment of the future business performance***

Due to the auction system introduced in Germany in 2017 and the results from the first three bidding rounds in May, August and November 2017 (in which community wind farms (*Bürgerenergiegesellschaften*) were the most successful bidders, with 96 per cent. of the capacity auctioned in the first round, 95 per cent. of capacity auctioned in the second round and 99 per cent. of capacity auctioned in the third round awarded to such community wind farms), we expect substantial delays in awarded projects not having all final building permits in place. Therefore we expect that our sales in Germany will decline by approximately EUR 600 million in 2018.

Our headcount reduction (known as our “45-by-18” cost cutting program) and structural changes to our operating cost base will result in savings of approximately EUR 45 million on our structural cost base, which cannot offset the effects from the expected sales volume decreases in 2018.

Furthermore, we expect the measures introduced by our CoE reduction program will, during 2018, partly offset some of the expected price pressures so that we expect gross profit margin to decline by three to five percentage points during 2018 compared to 2017.

We expect growth in the international markets from 2019 (particularly in Latin America), allowing sales to partially recover despite market volumes in Germany continuing to be limited, and our Delta4000 N149/4.0-4.5 turbine – announced in September 2017 – is expected to improve our results in Europe, with order intake for the N149/4.0-4.5 expected during 2018 and installations to commence in 2019. Furthermore, our continuing CoE reduction program is expected to reduce the pressure on our 2019 gross profit margin by one to three percentage points compared to 2018. We expect our reduced cost base will enable us to keep structural costs fairly constant when processing higher volumes of business volume and, as a result, we expect our business performance will be improving again in 2019.

### ***Application of IFRS 15 as of January 1, 2018***

We are required to begin recognizing sales from Projects and Services in accordance with IFRS 15 in the financial year beginning in January 1, 2018. The adoption of IFRS 15 means that sales from contracts regarding

our Projects and Services business will be recognized on the basis of contractual performance obligations. While we expect little variance in timing and amount of sales to be recognized under our Service business from the first time application of IFRS 15, our reported sales from the sale of wind turbine systems will be significantly affected by the change to IFRS 15. As a result, the adoption of IFRS 15 may mean that our sales are recognized according to the transfer of control at less regular intervals than in our historical financial statements (for example, we expect to recognize sales from our Projects business only when the wind turbine system we sell has been installed).

### **Key Factors Affecting Results of Operations**

Our results of operations, financial condition and liquidity have been influenced and will continue to be influenced by the following key factors and market characteristics:

#### ***Government Regulation***

Our results of operations are affected by government regulatory regimes that are in effect in the various global jurisdictions in which we complete sales from our Projects and Services. Historically, government incentives, primarily in the form of FITs and tax incentives, have contributed significantly to the expansion of the wind energy industry and continue to be one of the main drivers for developing wind energy technology and increasing installed capacity. However, many countries are replacing fixed FITs with an auction model for awarding support benefits to wind energy Projects. Changes in, or uncertainty regarding, governmental incentive programs in certain markets in which we operate have affected our business in the past and we expect that such changes will continue to affect our business in the future. For example, markets have started shifting towards auction models in Germany, Turkey, France, Spain, the United Kingdom, India, and countries in Latin America. See “*Risk Factors—Risks related to our industry and its regulation—Our industry is subject to a changing regulatory environment relating to renewable energy sources, including wind energy*” and “*Risk Factors—Risks related to our industry and its regulation—Our industry is subject to risks of changing governmental policies regarding auctions.*”

#### ***Germany***

In Germany, prior to August 1, 2014, every KWh generated from renewable energy facilities received a fixed FIT, and renewable energy facilities benefited from 20-year, technology-specific, guaranteed and gradually decreasing payments for electricity generation. However, the introduction of the revised German Renewable Energy Act (“**EEG 2014**”) in 2014 increased targets for electricity generated from renewable energy sources and introduced a combined FITs system linked to “direct marketing”, thus changing Germany’s regulatory environment. Under the EEG 2014, wind farms commissioned from August 1, 2014 with an installed capacity of over 500 KWh are obliged to engage in direct marketing of electricity and can no longer exclusively rely on receiving fixed FITs. Although the changes introduced by the EEG 2014 increased market uncertainty for wind energy developers and financing providers, our order intake in Germany continued to increase until 2016 when the introduction of auctions (as further described below) significantly impacted our order intake in Germany in the nine months ended September 30, 2017 and we expect it will significantly impact our order intake in the near future. While our order intake in Germany decreased in the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016 (*pro forma*), prior to 2017, our order intake in Germany had increased every year between 2014 and 2016.

On January 1, 2017, the Renewable Energy Sources Act (as modified by the *KWK-EEG Änderungsgesetz*, the “**EEG 2017**”) came into force in Germany pursuant to which, from May 2017, Germany introduced an auction process to determine the level of financial support for renewable energy projects instead of relying on fixed FITs. Initially, the auction process only determines the level of financial support for the onshore wind segment with planned auctions of 2,800 MW per year for 2017, 2018 and 2019 and 2,900 MW (gross) for 2020. Furthermore, the EEG 2017 introduced a transition period lasting until 2018 during which all onshore wind projects with a building permit from 2016 or before are permitted to be built under the old FITs system. The introduction of market-based auction models has increased price competition and as a result we have experienced a significant decrease in the price of energy awarded to wind projects in the auctions. For example, the average price of energy from wind projects in the first auction in Germany was EUR 57.1 /MWh. In the second auction, the average winning price was EUR 42.8 /MWh. In the third auction, the average winning price was EUR 38.2/MWh. This significant decrease in the price of energy as a result of the introduction of auctions is likely to reduce margins and returns for our customers and will further intensify price pressure and competition for our industry. In addition to the increasing price pressure from the introduction of auction systems, we have experienced delays

in orders for our wind turbine systems as a result of the advantages that the German regulatory framework confers on community wind farms (*Bürgerenergiegesellschaften*). Such advantages include an extended time-horizon to realize wind farm projects (54 months, 24 months longer than afforded to commercial operators) which has the consequence of delaying orders for our turbines for such projects in Germany by an average of 24 months. In the first auction in Germany, 1,013 MW have been awarded. 96 per cent. of this capacity was awarded to community wind farms. In the second auction, 807 MW capacity was awarded, of which 95 per cent. was awarded to community wind farms. As a result of this our order intake in Germany in the nine months ended September 30, 2017 was impacted significantly. In the third auction, 1 GW capacity was awarded, of which 99 per cent. was awarded to community wind farms. As a result of this our order intake in Germany in the nine months ended September 30, 2017 was impacted significantly. The decrease in order intake in Germany during this period was one of the principal drivers for the decrease of 69.1 per cent. in our order intake in Europe to EUR 609.6 million in the nine months ended September 30, 2017 from EUR 1,913.5 million (*pro forma*) in the nine months ended September 30, 2016. Additionally, to a lower extent, the introduction of auctions also impacted our sales in Germany in the nine months ended September 30, 2017 and we expect it will significantly impact our sales in Germany in the future.

### *France*

France is also transitioning towards a market based mechanism and has introduced auction processes to determine the level of financial support for renewable energy projects. Onshore wind turbines which applied for FIT support before the end of 2016 will continue to receive FIT. From January 1, 2017, FIT will reduce depending on the level of production of the relevant wind turbine for the remaining five years. Following January 1, 2017, onshore wind installations with a single turbine capacity exceeding 3 MW or which include more than six turbines have been and will continue to be awarded a FIP contract through a competitive tender procedure, with a strike price cap set at 74.8 EUR/MWh. Between December 2017 and 2019, this tender program aims to award a total of 3 GW of capacity in six rounds of 500 MW auctions. Onshore wind installations with a single turbine capacity of less than 3 MW and which include less than six turbines can avoid participating in tenders and may be awarded an FIT contract based on a reference price between 72 and 74 EUR/MWh depending on rotor diameter size. The reference price is subject to a production cap and if such production cap is reached, the reference price will be lowered to 40 EUR/MWh. These transitional measures have improved market stability in France and have allowed us to retain a stable order intake in France between 2014 and the nine months ended September 30, 2017.

### *United States*

Furthermore, during the financial years 2014 and 2015, the regulatory environment in the United States also changed significantly. In December 2014, the United States' Renewable Energy Production Tax Credit ("**PTC**") (originally scheduled to expire on December 31, 2013) was extended retroactively by one year to cover wind projects commissioned in 2014. Then in December 2015, the PTC was extended for wind facilities commencing construction by December 31, 2019, with a phase down beginning for projects commencing construction after December 31, 2016. As a result of the expiration and curtailment of the PTC, newly-commissioned wind capacity significantly contracted and newly commissioned capacity in the United States decreased from 13.1 GW in 2012 to 1.1 GW in 2013, but has since recovered to 8.2 GW in 2016 (*Source: GWEC, 2016*). Due to lower margin contribution of our sales from Projects in the United States to our results, our Group profitability was not negatively affected during the periods discussed though our order intake (which is indicative of our future sales) to the United States contracted during those years. The extension of the PTC and stabilization of policy improved market stability in the United States for the periods discussed herein. The current U.S. administration has indicated its support for fossil fuel based energy and does not appear to intend to continue to support the expansion of renewable energy. Although the U.S. House of Representatives' version of the Tax Cuts and Jobs Act ("**TCJA**") would have made substantial modifications to existing renewable energy tax credits, including the PTC, such changes were not included in the bill signed into law by President Trump on December 22, 2017. Should the U.S. administration enact similar changes to those proposed in the U.S. House of Representatives' version of the TCJA, or otherwise abandon its support for renewable energy or its investment in the market, it could have a significant impact on the wind energy industry in the United States, potentially causing significant contraction of newly commissioned wind capacity in future years.

### *United Kingdom*

In the United Kingdom, the key financial incentive schemes for the generation of electricity using renewable and low carbon generation technologies are the renewables obligation ("**RO**"), contracts for difference and FITs. The



regulatory framework in the United Kingdom has started changing having reduced subsidies for onshore wind energy significantly in recent years. The United Kingdom government has committed to end government support for established renewable technologies, including onshore wind and changed planning laws so that local communities have a right to veto onshore wind farm planning applications. The Secretary of State for Energy and Climate Change (since July 2016 known as the Secretary of State for Business, Energy and Industrial Strategy) confirmed in June 2015 that new onshore wind-generation projects would no longer be eligible to benefit from the RO after April 1, 2016, while most other renewable technologies retained eligibility for an additional year. However, the RO was closed to all new generating capacity from March 31, 2017. The current form of support for eligible renewable technologies is contracts for difference (“CfD”). When the budget for the second CfD allocation round was announced in November 2016, onshore wind (together with other established renewable technologies) was not eligible to compete for a share of that allocation. The auction allocations were announced on September 11, 2017. In September 2015, the United Kingdom government launched a consultation with respect to the FIT for small scale projects. Following such consultation, a pause to the FIT scheme from January 15, 2016 until February 7, 2016 (inclusive) was announced and from February 8, 2016 deployment caps were introduced which limit the capacity that can receive a particular FIT tariff in each tariff period. See “*Risk Factors—Risks related to our industry and its regulation—Our industry is subject to a changing regulatory environment relating to renewable energy sources, including wind energy*” and “*Regulatory Environment—Current Markets—United Kingdom*.” These regulatory changes have significantly affected our order intake in the United Kingdom which has decreased year-on-year since 2015 leading to a significant decrease in our sales from the United Kingdom in the nine months ended September 30, 2017 and driving a significant reduction in sales derived from the United Kingdom compared to other countries in the nine months ended September 30, 2017.

### ***Technological Competence and Competitive Position***

Our results of operations are affected by the competitive landscape in the onshore wind power industry. The wind energy business is intensely competitive. Winning new projects is dependent on a number of competitive factors, including the CoE performance of wind turbines, suitability of a wind turbine for the specific project site, stability and credibility of wind turbine producers, the adaptability of wind turbines to increasingly stringent grid requirements, suitability of wind turbines to the acoustic requirements of the sites and the scope and quality of the Services.

We focus on the systematic and comprehensive reduction of CoE in products and services. During the development of our turbines and wind farms, the main focus is on continuously reducing the CoE across the entire life cycle. We aim to achieve a reduction in CoE by a further six per cent. by the end of 2018, representing an overall 18 per cent. reduction in average CoE since 2015. Development activities also involve efforts to continuously monitor and ensure the market viability of the products in terms of their eligibility for operating permits and grid connections in our target markets. Failure to continually develop competitive products could result in a decline of new orders. Therefore, our ability to design and develop wind turbine systems that meet our customers’ changing requirements will continue to be critical to our ability to maintain and increase our installed capacity and profitability.

In order to remain competitive for the financial periods discussed herein, we have improved, and continue to improve our existing wind turbine models and develop new products and variants. Historically, we have incurred (and expect to continue to incur) significant R&D costs and capital expenditures in doing so. Our R&D costs comprise personnel costs, overhead expenses, allocations for rent, human resources, IT and direct spending on R&D projects. We separately consider, classify and record special costs for prototypes, licenses and others in accordance with IFRS and as set forth in our consolidated financial statements included elsewhere in this Company Report. In line with market practice, we capitalize a portion of our R&D, including directly attributable R&D project cost, a portion of our R&D overhead expenses, and borrowing costs that are directly attributable to the production of an asset (whose production takes more than one year) until all work required to ready the asset for its intended use has been largely completed; otherwise borrowing costs are recognized as expense in the period in which they accrue. Our R&D costs (including both capitalized and expensed costs) in the nine months ended September 30, 2017 and 2016 were EUR 56.3 million (2.4 per cent. of revenues) and EUR 53.2 million (2.3 per cent. of revenues), respectively, and in the financial years ended December 31, 2016, 2015 and 2014 were EUR 227.0 million (6.7 per cent. of revenues), EUR 59.4 million (2.5 per cent. of revenues) and EUR 53.4 million (3.1 per cent. of revenues), respectively. Our R&D capitalization rate, which is calculated as capitalized R&D costs as a percentage of total R&D costs in any given reporting period, was 52.2 per cent. in the nine months ended September 30, 2017 compared to 42.9 per cent. in the nine months ended September 30, 2016. Our R&D capitalization rate was 80.7 per cent., 52.1 per cent. and 57.4 per cent., in the financial years ended December 31, 2016, 2015 and 2014, respectively. See also “*Business—Research and Development*.” In

2016, EUR 149.3 million of our R&D costs resulted from our consolidation with AWP. The balance of our R&D costs in 2016 and a significant portion of our R&D costs in the other periods described herein have been used in connection with the further development of our turbines, including in connection with the further development of the current Generation Delta wind turbines and the N149/4.0-4.5 turbine. In addition to appealing to a broader customer base, the release of new products and variants developed through our R&D efforts enables us to offer and charge competitive prices for new products and variants, which in turn helps stabilize our financial performance.

In the financial year ended December 31, 2016, our R&D program focused on the development and standardization of the Generation Delta turbines and the AW3000 platform. We further developed the AW3000 platform to optimize CoE and improve our competitive position and, as a consequence of our investment, we have raised annual energy production of the AW3000 by 3 per cent. For the Delta series, in 2016, we introduced the improved product versions N117/3600 for moderate wind conditions and N131/3600 for light wind conditions. The improved systems generate an increase in annual energy yield of up to 12 per cent. for the operators.

During the financial year ended December 31, 2016, we also worked further on optimizing and validating our anti-icing-system which has now also been applied to the N131 rotor blades. We installed the first wind turbines using our anti-icing-system in Sweden, Norway and Finland. In September 2017, we announced as part of our new Delta4000 platform, the N149 turbine in the 4.0 - 4.5 MW class which we have developed to achieve an annual energy production which is more than 20 per cent. higher than the annual production of our existing turbines and to achieve the lowest possible CoE. The N149 turbine can reach hub heights ranging between 105m to 164m, is suitable in low-to-medium wind speed sites and has a rotor diameter of 149m. See “*Business—Projects—Wind Turbine Systems—Delta4000.*”

### ***Technical Deficiencies in Our Wind Turbines***

Our results of operations are affected by the performance and reliability of our wind turbines and their components which are subject to certain technical risks common to our industry, including one-off technical issues as well as serial defects or damage affecting our wind turbines and wind turbines components.

The warranties in our sales contracts for our new wind turbines customarily have a duration of two to five years, with any replaced spare parts or components benefiting from up to a further two years of warranty cover from the date of repair or replacement within the warranty or defects notification period. In addition, we typically undertake to provide operation and maintenance services for our wind turbines for extended terms of up to 15 years or more post sale which often includes an unlimited or at least extensive replace or repair obligation for components failing for reasons other than force majeure or owner intervention. General warranty provisions are determined by wind turbine type, available historical evidence and design assessments relating to wear-out rates, failure rates and the replacement and unplanned service requirements of the relevant wind turbine. Furthermore, to collect data prior to making decisions on the serial production of new models, we also undertake various testing on new models of wind turbines and their components in different operating conditions.

While all turbines require certification by an independent certificatory, technical problems and a lack of component specifications resulting in technical risks and serial loss affecting multiple wind turbines may occur only after installation at a later stage of the product life cycle.

To account for costs related to potential technical deficiencies in our wind turbines and Service business, we include provisions to account for risks relating to costs associated with warranties, service and maintenance. Our provisions for risks relating to costs associated with warranties, service and maintenance and individual guarantees as of September 30, 2017, September 30, 2016 and December 31, 2016, 2015 and 2014 were EUR 188.2 million, EUR 153.3 million, EUR 190.7 million, EUR 83.2 million and EUR 44.4 million. We may increase these provisions in the future, however, these provisions may not be sufficient to cover any actual losses caused by technical deficiencies in our wind turbines and Service business. If any of the technical deficiencies in our wind turbines and Services business for which we have made provisions materialize in any given period we record an expense in cost of materials in our income statement which could disproportionately affect our operating results in such period. Additionally, if we release unused warranty provisions in any given period this would increase our other operating income for that period. See also “*Risk Factors—Risks Related to our business—Any technical deficiencies in our wind turbines could adversely affect our business, financial condition, cash flows, results of operations and existing and future orders. Due to technical defects in wind turbines supplied by us, warranty claims or other defect liability claims may be asserted.*”

### ***Prices of Components and Raw Materials***

Given the nature of our business model, components and raw material costs contribute significantly to our overall cost base and our overall profitability is directly influenced by our ability to efficiently manage and reduce the prices for our components and raw materials.

Our supply chain consists of a strategic balance of in-house production and sourcing from third parties, resulting in limited vertical integration that permits us to manage our capital commitments and retain a flexible business model. Our in-house production facilities principally cover the assembly of blades and nacelles, while towers are primarily sourced externally. We also source raw materials such as glass fiber and epoxy resin for rotor blades and steel for towers, nacelles and hubs, as well as several key components (such as generators or gearboxes) from third party suppliers. As such, we are dependent on the ability to forecast the prices of components and raw materials used in the production of our wind turbines.

The price of the components and raw materials used in our business depends on a number of factors that are outside of our control such as commodities prices, currency fluctuations and supply and demand dynamics. Price changes can both positively and negatively affect our results of operations. Furthermore, competition among wind turbine manufacturers, increased merger and acquisition activity, material overcapacity in component markets, as well as further production industrialization and optimization have in recent years generally resulted in decreased component prices and prices of raw materials.

We offer our customers wind turbines at prices fixed for specific projects and, in order to protect ourselves against component and raw material price increases, components are sourced as quickly as possible after the order intake, thus reducing the risk of price fluctuations. However, unexpected project delays may result in temporarily increased stockpiling of components in our inventories, reducing our liquidity. We aim to keep inventories as low as possible by coordinating delivery of components such that they are proximate to our delivery and installation obligations without sacrificing schedule compliance.

Additionally, to improve our cost base, we aim to increasingly shift our supplier base to low cost regions such as Asia, particularly in India or China.

### ***Size of Installed Fleet***

Our results of operations are affected by our installed capacity of wind turbines (measured in MW) and the type of wind turbines installed. While the installation of new wind turbines drives revenues from the sale of our wind turbines our cumulative installed capacity drives revenues from our Services business. Additionally, revenues from Projects and Services sales are affected by the types of wind turbines sold or installed.

Our service contracts provide stable, predictable and “annuity-like” cash flows and have limited capital expenditure and R&D requirements, allowing for high cash flow conversion and margins. As a result, we believe that increased sales from our Services business as a result of our increased installed capacity provide us with a more stable and predictable cash flow compared to sales from our wind turbines. Significant changes in installed capacity may also affect the comparability of our results of operations as an increase in installed capacity may affect both sales and expenses.

In the nine months ended September 30, 2017, and in the nine months ended September 30, 2016 (*pro forma*), we increased our installed capacity by 1,997 MW and 2,133 MW, respectively. In the financial year ended December 31, 2016 (*pro forma*) and in the financial year ended December 31, 2015 (*pro forma*), we increased our installed capacity by 2,730 MW and 2,629 MW, respectively. In the financial year ended December 31, 2015 and in the financial year ended December 31, 2014, we increased our installed capacity by 1,697 MW and 1,489 MW, respectively.

An increase in installed capacity initially increases revenues from wind turbines sold and thereafter generally leads to increased revenues from our Services business as we tend to hold service contracts for a high percentage of wind turbines sold by us. As of September 30, 2017, we had service contracts relating to 67.8 per cent. (approximately 15.2 GW) of our currently installed wind turbines. At the same time, an increase in installed capacity also increases our cost base as a result of increased repair and maintenance costs, warranty expenses and staff costs.

In the nine months ended September 30, 2017, our sales from Projects decreased to EUR 2,100.2 million compared to EUR 2,337.6 million (*pro forma*) in the nine months ended September 30, 2016 driven by the

decrease in the number of newly installed capacity over the same period. In the nine months ended September 30, 2017, our sales from Services increased to EUR 227.5 million, compared to EUR 205.8 million (*pro forma*) in the nine months ended September 30, 2016 due to an increase of installed capacity under service contracts which increased from 12.9 GW as of September 30, 2016, to 15.2 GW as of September 30, 2017. In the financial year ended December 31, 2016 our sales from Projects and our sales from Services increased to EUR 3,314.7 million (*pro forma*) and EUR 288.7 million (*pro forma*) from EUR 3,133.0 million (*pro forma*) and EUR 262.3 million (*pro forma*), respectively, in the financial year ended December 31, 2015. In the financial year ended December 31, 2015 our sales from Projects and our sales from Services increased to EUR 2,233.6 million and EUR 212.0 million from EUR 1,568.3 million and EUR 166.9 million, respectively, in the financial year ended December 31, 2014.

### ***Our Ability to Source and Appropriately Manage Working Capital***

To meet the extensive timelines required by our projects, which usually involve several months of lead time from a project's signing to the installation and commissioning of the wind turbine, our operations have significant working capital requirements. The stability of our cash flows depends on our ability to access adequate working capital and optimize the timing of our working capital cycle. Generally, our working capital increases during periods of increased growth in our business, and especially in periods during which production exceeds installation, as customer payments are subject to reaching certain milestones. Payment milestones vary by project and depend upon the negotiated contractual terms.

The length of a project varies depending on its size, the type of wind turbines required and location specific factors and can range from eight months to several years from our acceptance of the order until the completion of the installation of the wind turbine. Typically, cash flows from a project are as follows: upon being awarded a contract, we typically receive an advance payment from the customer. Following the initial customer payment, we usually incur significant costs in connection with the production, assembly and delivery of the wind turbine to our customers before the first milestone payment becomes due when the wind turbine is ready for installation at our customers' sites. Certain projects require an interim milestone payment related to the completion of the turbine tower foundation prior to the wind turbine being ready for installation. Once the wind turbine is installed, commissioned and handed over to the customer, our customer pays the balance due under the wind turbine contract. We typically collect approximately 10-20 per cent. of the total payment on any given project as advance payments with the remainder coming due as milestone payments on and after delivery on-site when we have already incurred the majority of the production costs. As a result, we experience the largest gap between actual costs incurred and payments received immediately prior to the delivery of the finished wind turbine.

Our cash flows from operating activity in any given period can therefore vary significantly from other periods and depends on our ability to efficiently manage the relevant project planning for any given cluster of projects and its delivery plans (the gap between assembling the wind turbine at our facilities and delivering them to the project site), the specific payment terms of the project, and our ability to achieve more favorable payments terms with our suppliers than we have with our customers. A small number of our suppliers require us to make prepayments in advance of shipping components or raw materials or to provide letters of guarantee.

Our working capital position is also affected by production seasonality, changes and delays in precept plans and customer payment patterns. Consequently, our working capital fluctuates throughout the year.

To improve our net working capital, we are focusing on the pro-active management of our inventory, trade receivables and trade payables. With respect to our inventory, we are enhancing our supply chain flexibility and reducing our component and raw material inventory while optimizing the management of spare parts. We are improving our collection management and optimizing our contractual processes to improve our trade receivables, and we are implementing early payment reductions and enhancing supplier payment terms to manage our trade payables. To improve our net working capital, we typically receive pre-payments for projects varying between 10 to 20 per cent. of the contract value, subject to the relevant project specifications and risks. Our net working capital increased by 27.6 per cent. to EUR 290.1 million as of September 30, 2017 from EUR 227.3 million as of September 30, 2016. Our net working capital as of December 31, 2016, December 31, 2015 and December 31, 2014 was EUR 146.7 million, negative EUR 29.3 million and negative EUR 40.1 million, respectively.

### ***Seasonality***

Project and Services sales are subject to the timing of a given project, beginning (or expiration) of government incentives, as well as seasonal variations. In many countries, such as the United Kingdom and Germany,



incentive programs expire, shift to a new scheme or, in the case of FITs, may usually be reduced towards the end of the calendar year, leading to stronger sales for the fourth calendar year quarter due to increased installation during that period.

In addition, weather conditions in some of the areas in which we operate lead to seasonal influences on our business. For example, in Sweden, Norway and Finland, cold weather conditions generally prevent the installation of our products during the winter months, leading to increased business and higher recorded sales in the second and third quarter of the calendar year.

In addition, due to the project-driven nature of our business, our sales for any period can be influenced by large orders and may not necessarily be comparable to sales generated during the same period in other years. For example, in the financial year ended December 31, 2014, we experienced unusually large sales from Projects in Sweden which were not experienced in the years thereafter and in the nine months ended September 30, 2016 we recorded unusually large sales from Projects in Uruguay, which were not experienced in the nine months ended September 30, 2017.

### ***Foreign Currency Effects***

We are exposed to fluctuations in exchange rates as a result of our global operations and, accordingly, our results of operations are subject to currency translation risks and currency transaction risks. Currency translation risks occur as a result of fluctuations in the exchange rates between the currency in which our financial results are reported, the EUR, and the various currencies in which our subsidiaries' financial results are reported. Currency transaction risks, on the other hand, occur as a result of us or one of our operating subsidiaries entering into either a purchase or sales transaction using a currency other than its regular operating currency. We incur most of our costs in EUR, USD, the Brazilian Real and the Indian Rupee. Our revenue is primarily incurred in EUR and USD.

### ***Currency Translation Risk***

The financial results of each of our operating subsidiaries are reported in the operating currency of the jurisdiction in which it primarily operates. Profits and losses and cash flows from each operating subsidiary, if its regular operating currency is other than EUR, are then translated into EUR at average rates of exchange during the relevant financial period, and assets and liabilities from each such subsidiary at the exchange rate on the balance sheet date, in each case for inclusion in our consolidated financial statements.

The effect of currency translation on our financial statements arising from the depreciation of the EUR against other currencies shows a positive impact on our revenues and net income, while the appreciation of the EUR against other currencies shows a negative impact. These depreciations or appreciations have in the past had, and may in the future have, an effect on our reported results of operations and financial position. Such depreciations and appreciations also affect the comparability of our results between financial periods.

### ***Currency Transaction Risk***

In addition to currency translation risk, we incur currency transaction risk whenever we or one of our operating subsidiaries enters into either a purchase or sales transaction using a currency other than its regular operating currency. A portion of our cost base is incurred in non-Euro currencies, most notably in USD, Brazilian Real and Indian Rupees, and is mainly related to Projects as well as our ongoing Services business in those countries. Our revenue is primarily incurred in EUR and USD.

We currently hedge against our entire foreign exchange risk exposure by implementing a micro-hedge approach on a project by project basis. We conclude natural hedges, as far as possible, by entering into contracts with customers that match the currencies of our corresponding contracts with suppliers. In addition, we also enter into derivative hedge instruments to reduce any remaining foreign currency risk. Derivative financial instruments are used solely for hedging purposes and are not utilized for trading or speculative purposes. Contracts for derivative financial instruments are taken out only with domestic and foreign banks with high credit ratings and all transactions with derivative financial instruments are executed and monitored in accordance with the applicable provisions of the European Market Infrastructure Regulation. As of September 30, 2017, the notional repayment amounts for outstanding forward exchange transactions was EUR 159.3 million.

Hedging may not eliminate all risks, as variations in exchange rates can affect the translation into EUR of revenues, costs, assets and liabilities of our subsidiaries that use a currency other than the EUR as their functional currency. See “—*Currency Translation Risk*” above.



As we continue to shift an increasing portion of our supplier base to Asia, our exposure to the Indian Rupee will likely increase. Furthermore, the implementation of our strategy of focusing on both Volume Markets and Growth Markets outside the Eurozone will likely also increase our exposure to non-Euro currencies in the future. *“Risk Factors—Risks Related to our business—We are active globally and generate a significant portion of our sales outside the Eurozone. Accordingly, currency fluctuations may have a substantial adverse impact on turnover and profit trends as well as our competitiveness.”*

### **Basis of Presentation and Factors Affecting the Comparability of Financial Information**

The following discussion of our results of operations compares the following financial information:

- our additional voluntary unaudited consolidated *pro forma* income statements for the nine months ended September 30, 2016 derived from the 2016 *Pro Forma* Financial Information to our unaudited consolidated income statements for the nine months ended September 30, 2017;
- our unaudited *pro forma* consolidated income statement for the financial year ended December 31, 2015 derived from the 2015 *Pro Forma* Financial Information to our unaudited *pro forma* consolidated income statement for the financial year ended December 31, 2016 derived from the 2016 *Pro Forma* Financial Information;
- our consolidated income statement for the financial year ended December 31, 2014 derived from the 2015 Audited Consolidated Financial Statements to our audited consolidated income statement for the financial year ended December 31, 2015; and
- other unaudited consolidated financial information not included in any of the above mentioned statements.

Due to the different scope of consolidation, our results of operations for the financial year ended December 31, 2015 (which did not reflect the results of operations of AWP) and our results of operations for the financial year ended December 31, 2016 (the first quarter of which did not reflect the results of operations of AWP) are not directly comparable. Similarly, due to the different scope of consolidation, our results of operations for the nine months ended September 30, 2016 (the first quarter of which did not reflect the results of operations of AWP) and our results of operations for the first nine months ended September 30, 2017 (which fully reflected the results of operations of AWP) are not directly comparable. Our 2015 *Pro Forma* Financial Information presents our *pro forma* consolidated income statement data for the period from January 1, 2015 to December 31, 2015, as if the AWP Merger (which was completed in April 2016) and the related financial transactions had occurred on January 1, 2015 and the 2016 *Pro Forma* Financial Information present our *pro forma* consolidated income statement data for the periods from January 1, 2016 to December 31, 2016 and January 1, 2016 to September 30, 2016, as if the AWP Merger (which was completed in April 2016) and the related financial transactions had occurred on January 1, 2016. However, the *Pro Forma* Financial Information and the other unaudited consolidated financial information prepared on a *pro forma* basis describe only a hypothetical situation and do not reflect our actual results of operations following the completion of the AWP Merger. The *Pro Forma* Financial Information and the other unaudited consolidated financial information prepared on a *pro forma* basis are presented for information purposes only and do not purport to represent what our results of operations or other financial information actually would have been had the AWP Merger and the related financial transactions occurred on the first day of each relevant period or any other date, and such data does not purport to project our results of operations for any future period. Furthermore, *pro forma* financial information usually covers only a current interim period and the last completed financial year, at most, whereas *pro forma* consolidated income statement data for the period from January 1, 2015 to December 31, 2015 present our next to last completed financial year. See *“Risk Factors—Risks related to our business—The Pro Forma Financial Information presented in this Company Report has not been audited, has been prepared for illustrative purposes only and neither purports to nor presents the same information as would be presented in financial statements with generally accepted accounting principles.”*

### **Key Performance Indicators**

We consider the following key performance indicators in evaluating our business.

#### ***Order intake and order book***

The size of our order book is directly related to our future sales generation. According to our reporting policy, we include in our order intake and our order book only our orders, which are firm orders received from customers by

means of a legally binding agreement after all necessary construction permits have been issued, a connection has been established with the grid or a grid-connection agreement has been signed, the customer has obtained the necessary financing and has remitted the agreed pre-payment.

Changes in our order book as of the end of a reporting period are primarily driven by the results of our order intake which may in part be offset by completion of projects during that reporting period. Our Services order book is sustained by our historical Projects order book, our new order intake and the renewal rates of our Services contracts. Our Services business has historically generated attractive recurring sales and high margins and benefits from limited capital expenditures requirements allowing high cash-flow conversion with high visibility.

Our Services order intake is sustained by our new Projects order intake over the relevant period as we do not sell our wind turbines systems without a service contract or a warranty coverage contract. Furthermore, our Services order intake is also driven by the high rate of renewal of service contracts in connection with our historical Projects.

The following table shows our order intake for the dates indicated below.

	Actual Financial year ended December 31,			Pro forma Financial year ended December 31,		Pro forma Nine months ended September 30,	Actual
	2014	2015	2016	2015	2016	2016	2017
	(unaudited) (in EUR million)						
Total order intake for Projects and							
Services	2,208.7	3,000.4	3,788.6	3,513.1	3,893.3	2,665.9	1,301.9
Europe	1,975.3	2,443.1	2,503.2	2,463.4	2,503.2	1,913.5	609.6
North America	174.3	0.0	548.9	38.0	643.5	299.1	208.5
Latin America	44.8	277.7	559.8	641.8	565.7	320.7	445.4
Rest of the world	14.2	279.6	176.6	369.8	180.8	132.6	38.4
Total order intake for Projects	1,753.9	2,470.9	3,302.2	2,913.9	3,375.2	2,241.8	1,108.0
Total order intake for Services	454.8	529.5	486.4	599.2	518.1	424.1	193.9

Our order intake for Projects decreased by more than 50 per cent. to EUR 1,108.0 million in the nine months ended September 30, 2017 compared to EUR 2,241.8 million (*pro forma*) in the nine months ended September 30, 2016, principally as a result of a decrease in Project orders in Europe, North America and the rest of the world, partially offset by an increase of orders in Latin America. The significant decrease of our Project orders in Europe was driven mainly by a decrease in Germany, Finland, the United Kingdom, Ireland and Turkey. Our Project orders in Europe decreased primarily due to a contracting wind market and a change in the regulatory framework, particularly in Germany and the United Kingdom. Our Project orders decreased in North America primarily due to a contracting wind market and increased price pressure from competing energy sources. Moreover, our Project orders in North America typically increase in the fourth quarter. The decrease in our Project orders in the rest of the world was primarily driven by a decrease in South Africa where no auctions of new projects took place in 2017, whereas auctions had taken place in 2016. As a result, we had no new Project order intake in South Africa during the nine months ended September 30, 2017. Our Project order intake in Latin America increased primarily as a result of an increase in orders in Brazil and Argentina, partially offset by decreases in Mexico and Peru.

Our order intake for Services was EUR 193.9 million in the nine months ended September 30, 2017 compared to EUR 424.1 million (*pro forma*) in the nine months ended September 30, 2016, principally due to a decrease in the Services order intake in Europe and in North America, partially offset by an increase in Latin America. This overall decrease was principally due to the decrease in the order intake of associated Projects, particularly in Europe and North America, partially offset by the increase in Projects order intake in Latin America. Moreover, our Services order intake also decreased as a result of a decrease in our rate of renewal of service contracts during this period which decreased from 82 per cent. in the nine months ended September 30, 2016 (*pro forma*) to 62 per cent. in the nine months ended September 30, 2017.

Our order intake for Projects was EUR 3,375.2 million (*pro forma*) in the financial year ended December 31, 2016 compared to EUR 2,913.9 million (*pro forma*) in the financial year ended December 31, 2015, principally as a result of an increase in Project orders in North America and in Europe, partially offset by a decrease in Latin America and in the rest of the world. The increase in our Project orders in North America was driven by an increase in order intake which recovered in 2016 having reduced significantly in 2015 as a result of a change in

the United States regulatory framework. The increase in Europe was primarily driven by an increase in orders in Germany and Ireland, partially offset by a decrease of orders in the United Kingdom due to a change in the regulatory framework and a decrease in our order intake in Turkey. The decrease in Latin America was driven primarily by a decrease in Brazil and Uruguay, where no projects were offered for auction in 2016, partly offset by us starting to receive order intake in Argentina, Chile and Peru in 2016 whereas no orders had previously been recorded in these markets in 2015. The decrease in our Project order intake for the rest of the world was primarily driven by a decrease in South Africa where the auction of new projects has decreased significantly since 2015, and as a result of a decrease in orders in India where no new orders were received in 2016.

Our order intake for Services was EUR 518.1 million (*pro forma*) in the financial year ended December 31, 2016 compared to EUR 599.2 million (*pro forma*) in the financial year ended December 31, 2015, principally due to a decrease in the Services order intake in Europe and in Latin America, partially offset by an increase in North America. This overall decrease was principally due to a decrease in the order intake of associated Projects, particularly in Europe and North America, partially offset by the increase in Projects order intake in Latin America. Moreover, our Services order intake also decreased as a result of a decrease in our rate of renewal of service contracts during this period which decreased to 67 per cent. (*pro forma*) in the financial year ended December 31, 2016 from 83 per cent. (*pro forma*) in the financial year ended December 31, 2015.

Our order intake for Projects was EUR 2,470.9 million in the financial year ended December 31, 2015 compared to EUR 1,753.9 million in the financial year ended December 31, 2014, principally as a result of an increase in Project orders in Europe, Latin America and the rest of the world, partially offset by a decrease in North America. The increase of our Project orders in Europe was primarily driven by an increase in Germany, the United Kingdom and Turkey resulting from our competitive product offerings in these markets. The increase in Latin America was primarily driven by an increase in Project order intake in Uruguay. Our decrease in North America was driven by a decrease in the United States where no new orders were received as a result of the phase out of PTC during 2014. The increase of Project orders in the rest of the world was principally driven by an increase of Project orders in South Africa, partially offset by decreases in China which was not accessible after 2014.

Our order intake for Services increased to EUR 529.5 million in the financial year ended December 31, 2015 compared to EUR 454.8 million in the financial year ended December 31, 2014, principally due to an increase in the Services order intake in Europe, Latin America and the rest of the world, partially offset by a decrease in North America. This overall increase was principally due to the increase in the order intake of associated Projects, particularly Europe, Latin America and the rest of the world, partially offset by the decrease in Projects order intake in North America. Moreover, our Services order intake also increased as a result of an increase in our rate of renewal of service contracts during this period which increased to 93 per cent. in the financial year ended December 31, 2015 from 90 per cent. in the financial year ended December 31, 2014.

The following table shows our order book for the dates indicated below.

	Actual			<i>Pro forma</i>	Actual
	As of December 31, 2014	As of December 31, 2015	As of December 31, 2016 (unaudited) (in EUR million)	As of December 31, 2015	As of September 30, 2017
<b>Total order book for Projects and Services</b> . . . . .	<b>2,233.9</b>	<b>2,666.2</b>	<b>3,926.2</b>	<b>3,439.4</b>	<b>2,960.9</b>
Europe . . . . .	1,789.8	2,182.3	2,431.4	2,195.9	1,910.0
North America . . . . .	209.6	94.9	643.9	330.3	343.6
Latin America . . . . .	0.0	163.8	697.8	626.5	571.2
Rest of world . . . . .	234.5	225.2	153.1	286.7	136.1
Order book for Projects . . . . .	1,462.6	1,668.9	2,233.3	2,189.6	1,097.3
Order book for Services . . . . .	771.3	997.3	1,692.9	1,249.8	1,863.6

## Description of Individual Income Statement Items

The following is an explanation of certain individual items from our consolidated income statement.

### Sales

Sales includes sales from Projects and sales from Services. In the case of production for customers, sales are recognized using the percentage-of-completion method if: a) a legally binding contract has been signed; b) all

necessary construction permits have been issued; c) a connection has been established with the grid or a grid-connection agreement has been signed; d) the customer has obtained the necessary finance; and e) the customer has paid the agreed pre-payment. We record the percentage-of-completion on the basis of the ratio of actual to planned cost. Sales from service contracts is recognized upon the service being provided. See “—*Critical Accounting Estimates—Sales recognition according to the percentage-of-completion method*” for a discussion of our current sales recognition method under IAS 11 and our requirement to begin recognizing sales in accordance with IFRS 15 in the financial year beginning January 1, 2018.

### ***Changes in inventories and other own work capitalized***

Work performed by the entity and capitalized comprises diverse development activities in order to strengthen our product line. For example, we place orders for components on a time-scale that accommodates the lead-times on our Projects and consume them at a later stage. Part of our R&D costs are also capitalized and then depreciated. Certain anti-icing, security and other upgrade features are also capitalized.

Changes in inventories reflect changes in inventories driven by the acquisition or use of components, primarily required to meet our existing and future commitments in connection with our Projects business.

### ***Total Revenues***

Revenues include sales, own work capitalized and changes in inventory.

### ***Other Operating Income***

Other operating income includes currency translation gains, indemnity and damages paid, reversal of impairment losses, gains from the disposal of assets, derecognition of liabilities and other operating income.

### ***Cost of Materials***

Cost of materials reflects the costs for the raw materials and other supplies and the cost of services purchased. The cost of services purchased results from external freight services, changes in order provisions, commission and externally sourced order-handling services.

### ***Staff Costs***

Staff costs comprise wages and salaries, as well as social security and other expenditure on retirement benefits and support.

### ***Depreciation and Amortization***

Property, plant and equipment are recognized at historical cost and, where subject to wear and tear, written down on a scheduled basis. Historical cost includes costs directly attributable to acquisition or construction. Government grants and assistance received for the purpose of acquiring non-current assets are deducted from historical cost. Depreciation is calculated on a straight-line basis over the expected useful life of the asset.

Acquired intangible assets that have defined useful lives are reported at historical cost less cumulative amortization. Amortization is calculated on a straight-line basis over their respective useful lives.

Development costs for future products and other internally generated intangible assets are capitalized at cost and written down on a straight line basis over the period (no longer than five years) in which the relevant product is expected to generate sales. See also “—*Critical Accounting Estimates—Impairment of property, plant and equipment*.”

### ***Other Operating Expenses***

Other operating expenses include legal and consulting costs, loss of income, travel expenses, rental and lease expenses, maintenance, currency translation losses, other leased personnel services, external services, IT costs, settlements, security service, occupancy and building costs, impairment of receivables, training, insurance, advertising, telecommunications, forward exchange transactions, other taxes, losses from the disposal of assets, bank fees and other operating expenses.

## Financial Result

The financial result represents our investment results and interest income and expenses primarily arising from deposits with banks and from guarantee commissions and interest on loans.

## Income Tax

Income tax comprises current and deferred income tax expenses and benefits. Tax income from deferred taxes can be attributable to changes in temporary balance sheet differences, as well as from unused tax losses. See also “—Critical Accounting Estimates—Income Taxes.”

## Results of Operations

### Comparison of the Nine Months ended September 30, 2016 (Unaudited, Pro Forma) and 2017 (Unaudited, Actual)

The following table shows certain information with respect to our consolidated income statement and period-to-period changes for the periods presented.

	<i>Pro forma</i> Nine months ended September 30, 2016	<i>Actual</i> Nine months ended September 30, 2017
	(unaudited) (in EUR million)	
Sales	2,531.5	2,319.5
Changes in inventories and other own work capitalized	22.1	45.4
<b>Total revenue</b>	<b>2,553.6</b>	<b>2,364.9</b>
Other operating income	29.2	6.1
Cost of materials	(1,940.8)	(1,741.9)
Staff costs	(224.6)	(247.6)
Depreciation / amortization	(96.3)	(118.6)
Other operating expenses	(202.7)	(199.4)
<b>Earnings before interest and taxes</b>	<b>118.4</b>	<b>63.3</b>
Income from investments	0.5	0.5
Profit/loss from equity accounting method	(2.4)	(0.7)
Impairment of financial assets	—	(0.0)
Other interest and similar income	4.4	4.6
Interest and similar expenses	(28.9)	(24.0)
<b>Financial result</b>	<b>(26.4)</b>	<b>(19.7)</b>
<b>Net profit/loss from ordinary activities</b>	<b>92.0</b>	<b>43.7</b>
Income tax	(34.2)	(15.8)
<b>Consolidated net profit</b>	<b>57.8</b>	<b>27.9</b>

## Total Revenues

The following table shows our consolidated sales by business segment for the periods indicated. See also “—Basis of Presentation and Factors Affecting the Comparability of Financial Information.”

	<i>Pro forma</i> Nine months ended September 30, 2016 <sup>(1)</sup>	<i>Actual</i> Nine months ended September 30, 2017
	(unaudited) (in EUR million)	
<b>Sales from Projects</b>	<b>2,337.6</b>	<b>2,100.2</b>
<b>Sales from Services</b>	<b>205.8</b>	<b>227.5</b>
Consolidation	(11.9)	(8.2)
<b>Total sales</b>	<b>2,531.5</b>	<b>2,319.5</b>
Changes in inventories and other own work capitalized	22.1	45.4
<b>Total revenues</b>	<b>2,553.6</b>	<b>2,364.9</b>

(1) The sales from Projects and the sales from Services segments for the nine months ended September 30, 2016 have not been derived from the 2016 *Pro Forma* Financial Information and are derived from other unaudited consolidated financial information not included in the 2016 *Pro Forma* Financial Information.



Our total revenues decreased by EUR 188.7 million, or 7.4 per cent., from EUR 2,553.6 million (*pro forma*) in the nine months ended September 30, 2016 to EUR 2,364.9 million in the nine months ended September 30, 2017. This decrease was primarily due to a decrease in Project sales, partially offset by an increase in the sale of Services.

### *Sales*

Our sales from Projects decreased by EUR 237.4 million, or 10.2 per cent. from EUR 2,337.6 million (*pro forma*) in the nine months ended September 30, 2016 to EUR 2,100.2 million in the nine months ended September 30, 2017. This decrease in sales was primarily due to a decrease in Project sales in Europe and the rest of the world, partially offset by an increase in Project sales in North America and Latin America. Sales from Projects in Europe decreased primarily due to a decrease in sales in the United Kingdom, Turkey, Germany, Finland and Ireland, principally due to changes in the regulatory framework and increased price pressure principally resulting from competing renewable energy sources, particularly solar energy. Sales in Germany were particularly affected due to the introduction of auctions in 2017. In Germany community wind farms were awarded in excess of 95 per cent. of the capacity auctioned since January 1, 2017. Community wind farms have 54 months (compared to other operators who have 30 months) to realize the projects they have been awarded and as a result we experienced a delay of orders for turbines for these projects in Germany, significantly decreasing our sales in the nine months ended September 30, 2017. Furthermore sales in the United Kingdom decreased as the United Kingdom reduced subsidies available for onshore wind farm projects and a policy shift in favor of offshore wind. Sales in Eastern European countries – particularly Poland and the Czech Republic – decreased as a result of the introduction of government policies favoring coal. In Finland, the 2.5 GW allocation for wind energy was fully utilized during the nine-month period ended September 30, 2017 and, accordingly, no new auctions were held. Our Sales in Latin America decreased primarily due to a decrease in Brazil and Uruguay and were partly compensated by sales in Mexico, Peru and Argentina. The decrease in sales in the rest of the world was primarily driven by a decrease in South Africa where the auction of new projects has decreased significantly since 2015, driving a decrease in order intake and a fall in sales. To a lower extent sales in the rest of the world decreased due to a decrease in order intake in Pakistan and India. The sales decrease in the rest of the world was partially offset by substantially increased sales in Australia. Our decrease in sales in Europe, Latin America and the rest of the world was partially offset by our increased sales in North America, driven primarily by sales in the United States. Our focus on reducing CoE, our improvements to our product offering and the AWP Merger helped us increase our sales in the United States in the nine months ended September 30, 2017. During the nine months of 2017, we consummated three large projects in the United States which, together, accounted for all the increase in our North American sales. Furthermore, the transitional measures implemented in relation to the phase out of PTC improved market stability, further increasing our sales in the United States during this period.

Our sales from Services increased from EUR 205.8 million (*pro forma*) in the nine months ended September 30, 2016 to EUR 227.5 million in the nine months ended September 30, 2017, primarily due to an increase of installed capacity subject to service contracts during that same period (from 12.9 GW as of September 30, 2016 to 15.2 GW as of September 30, 2017).

### *Changes in inventories and other own work capitalized*

Our changes in inventories and other own work capitalized increased by EUR 23.3 million, from EUR 22.1 million (*pro forma*) in the nine months ended September 30, 2016 to EUR 45.4 million in the nine months ended September 30, 2017, primarily due to increased inventories associated with the acquisition of components required to meet our existing and future commitments in connection with our Projects business.

### *Other Operating Income*

Our other operating income decreased by EUR 23.1 million, or 79.1 per cent., from EUR 29.2 million (*pro forma*) in the nine months ended September 30, 2016 to EUR 6.1 million in the nine months ended September 30, 2017. The decrease was primarily due to a reduction in foreign exchange translation gains driven by depreciations of the USD and Turkish Lira against the EUR, which reduced the EUR value of our costs payable to suppliers. In addition, we received a payment from indemnities and compensations in the amount of EUR 3.9 million in the nine months ended September 30, 2016 which were not present in our other operating income in the nine months ended September 30, 2017.

### *Cost of Materials*

Our cost of raw materials and other supplies and cost of services purchased decreased by EUR 198.9 million, or 10.2 per cent., from EUR 1,940.8 million (*pro forma*) in the nine months ended September 30, 2016 to

EUR 1,741.9 million in the nine months ended September 30, 2017 due to a decrease in order intake over the same period. The cost of materials ratio remained relatively stable (cost of materials/cost of purchased services in relation to total sales), decreasing by 1.6 percentage points from 76.7 per cent. (*pro forma*) in the nine months ended September 30, 2016 to 75.1 per cent. in the nine months ended September 30, 2017, displaying positive results including lower purchase prices achieved pursuant to our CoE reduction program.

#### *Staff costs*

Our staff costs increased by EUR 23.0 million, or 10.2 per cent., from EUR 224.6 million (*pro forma*) in the nine months ended September 30, 2016 to EUR 247.6 million in the nine months ended September 30, 2017. While our overall average number of employees remained unchanged during this period, the mix of our employee structure changed such that staff costs increased primarily due to an increase in white collar employees in Europe driven by our focus on developing our Services business, offset by lower staff costs in lower cost areas, particularly Latin America, and from the one-time effect of replacing our former CEO.

#### *Depreciation / Amortization*

Our depreciation of property, plant and equipment and amortization of intangible assets increased by EUR 22.3 million, or 23.1 per cent., from EUR 96.3 million (*pro forma*) in the nine months ended September 30, 2016 to EUR 118.6 million in the nine months ended September 30, 2017. Depreciation of property, plant and equipment increased from EUR 38.1 million (*pro forma*) in the nine months ended September 30, 2016 to EUR 47.4 million in the nine months ended September 30, 2017. Amortization of capitalized development costs increased from EUR 32.9 million (*pro forma*) in the nine months ended September 30, 2016 to EUR 36.3 million in the nine months ended September 30, 2017. Amortization of intangible assets increased from EUR 25.3 million (*pro forma*) in the nine months ended September 30, 2016 to EUR 34.9 million in the nine months ended September 30, 2017. The increase in depreciation and amortization was principally due to investments in the expansion of AWP production facilities.

#### *Other Operating Expenses*

Our other operating expenses decreased by EUR 3.3 million, or 1.6 per cent., from EUR 202.7 million (*pro forma*) in the nine months ended September 30, 2016 to EUR 199.4 million in the nine months ended September 30, 2017, primarily due to a decrease in foreign exchange translation losses, consultancy fees associated with our integration with AWP following the AWP Merger, and patent fees, partially offset by an increase in external services and sub-contractor costs. Foreign exchange translation losses were driven by the depreciation of the USD against the EUR which reduced the EUR value of revenue payable by customers.

#### *Interest and Similar Financial Income and Expenses*

Our interest and similar financial income increased by EUR 0.2 million from EUR 4.4 million (*pro forma*) in the nine months ended September 30, 2016 to EUR 4.6 million in the nine months ended September 30, 2017, primarily due to interest payable to us by customers in connection with late payment charges.

Our interest and similar financial expenses decreased from EUR 28.9 million (*pro forma*) in the nine months ended September 30, 2016 to EUR 24.0 million in the nine months ended September 30, 2017. This decrease of EUR 4.9 million was due to a decrease in Project sales which resulted in a lower utilization of bank guarantees required by our Projects customers.

#### *Income Taxes*

Our income taxes decreased by EUR 18.4 million, or 53.8 per cent., from an income tax expense of EUR 34.2 million (*pro forma*) in the nine months ended September 30, 2016 to EUR 15.8 million in the nine months ended September 30, 2017. The decrease was mainly the result of a lower earnings before taxes result.

#### *Net Result for the Period*

As a result of the developments discussed above, our net result for the period decreased by EUR 48.3 million from EUR 92.0 million (*pro forma*) in the nine months ended September 30, 2016 to EUR 43.7 million in the nine months ended September 30, 2017.

**Comparison of the Financial Years Ended December 31, 2015 (Unaudited, Pro Forma) and 2016 (Unaudited, Pro Forma)**

The following table shows certain information with respect to our consolidated income statement and period-to-period changes for the periods presented.

	<i>Pro Forma</i> Financial year ended December 31,	
	2015	2016
	(unaudited) (in EUR million)	
Sales .....	3,379.8	3,587.0
Changes in inventories and other own work capitalized .....	(10.8)	1.3
<b>Total revenue .....</b>	<b>3,369.0</b>	<b>3,588.3</b>
Other operating income .....	26.6	37.3
Cost of materials .....	(2,674.7)	(2,711.2)
Staff costs .....	(263.9)	(309.3)
Depreciation / amortization .....	(128.3)	(135.2)
Other operating expenses .....	(189.9)	(308.8)
<b>Earnings before interest and taxes .....</b>	<b>138.8</b>	<b>161.2</b>
Income from investments .....	1.0	0.5
Profit/loss from equity accounting method .....	(1.2)	0.0
Impairment of financial assets .....	(7.1)	(0.0)
Other interest and similar income .....	4.9	7.9
Interest and similar expenses .....	(36.4)	(37.8)
<b>Financial result .....</b>	<b>(38.8)</b>	<b>(29.4)</b>
<b>Net profit/loss from ordinary activities .....</b>	<b>100.0</b>	<b>131.8</b>
Income tax .....	(45.2)	(43.1)
<b>Consolidated net profit .....</b>	<b>54.9</b>	<b>88.8</b>

*Total Revenues*

The following table shows our consolidated sales by business segment for the periods indicated. See also “—Basis of Presentation and Factors Affecting the Comparability of Financial Information.”

	<i>Pro Forma</i> Financial year ended December 31,	
	2015 <sup>(1)</sup>	2016 <sup>(2)</sup>
	(unaudited) (in EUR million)	
<b>Sales from Projects .....</b>	<b>3,133.0</b>	<b>3,314.7</b>
<b>Sales from Services .....</b>	<b>262.3</b>	<b>288.7</b>
Consolidation .....	(15.5)	(16.4)
<b>Total sales .....</b>	<b>3,379.8</b>	<b>3,587.0</b>
Changes in inventories and other own work capitalized .....	(10.8)	1.3
<b>Total revenues .....</b>	<b>3,369.0</b>	<b>3,588.3</b>

(1) The sales from Projects and the sales from Services segments for the financial year ended December 31, 2015 have not been derived from the 2015 *Pro Forma* Financial Information and are derived from other unaudited consolidated financial information not included in the 2015 *Pro Forma* Financial Information.

(2) The sales from Projects and the sales from Services segments for the financial year ended December 31, 2016 have not been derived from the 2016 *Pro Forma* Financial Information and are derived from other unaudited consolidated financial information not included in the 2016 *Pro Forma* Financial Information.

Our total revenues increased by EUR 219.3 million, or 6.5 per cent., from EUR 3,369.0 million (*pro forma*) in the financial year ended December 31, 2015 to EUR 3,588.3 million (*pro forma*) in the financial year ended December 31, 2016. This increase was primarily due to an increase in Project and Services sales over the same period.

*Sales*

Our sales from Projects increased from EUR 3,133.0 million (*pro forma*) in the financial year ended December 31, 2015 to EUR 3,314.7 million (*pro forma*) in the financial year ended December 31, 2016. This increase in sales was primarily due to an increase in Project sales in Europe and the rest of the world, partly offset by decreased Project sales in Latin America and North America. Sales from Projects in Europe increased

primarily due to an increase in sales in Germany, the United Kingdom and Ireland, resulting from our competitive product offerings in these markets, particularly sales from our N117 turbine (developed for light wind sites) and N90 turbine (which covers the whole wind class IEC-1) which attracted high margins. Sales from Projects in North America decreased primarily due to a decrease in the United States where the U.S. market was negatively affected by the changing regulatory framework associated with the phase out of PTC. Sales from Projects in Latin America decreased primarily due to a decrease in Mexico and Uruguay where the volume of projects offered for public tender decreased significantly. The decrease in Projects sales in Latin America was offset by strong sales in Brazil during this period. Sales in the rest of the world increased as a result of increased sales in India due to our expansion into the Indian market where we recorded our first sales in 2016 and in South Africa partly compensated by decreased sales in Pakistan.

Our sales from Services increased from EUR 262.3 million (*pro forma*) in the financial year ended December 31, 2015 to EUR 288.7 million (*pro forma*) in the financial year ended December 31, 2016, primarily due to an increase of installed capacity subject to service contracts during that same period (from 11.5 GW as of December 31, 2015 to 13.6 GW as of December 31, 2016).

#### *Changes in inventories and other own work capitalized*

Our changes in inventories and other own work capitalized increased by EUR 12.1 million from negative EUR 10.8 million (*pro forma*) in the financial year ended December 31, 2015 to EUR 1.3 million (*pro forma*) in the financial year ended December 31, 2016, primarily due to higher own work capitalized (relating to capitalized expenses for developing and enhancing new and existing wind turbines) and an increase in inventories associated with the acquisition of components required to meet our existing and future commitments in connection with our Projects business.

#### *Other Operating Income*

Our other operating income increased by EUR 10.7 million, or 40.2 per cent., from EUR 26.6 million (*pro forma*) in the financial year ended December 31, 2015 to EUR 37.3 million (*pro forma*) in the financial year ended December 31, 2016, primarily due to higher foreign currency translation gains mainly driven by the depreciation of the USD, Turkish Lira, South African Rand and British Pound against the EUR, as well as higher indemnities and damages paid to us in the financial year ended December 31, 2016 compared to the financial year ended December 31, 2015. The indemnities and damages received were paid to us in connection with quality issues in the externally sourced NR 58.5 rotor blades which arose during the course of 2015. See “*Risk Factors—Risks related to our business—Any technical deficiencies in our wind turbine systems could adversely affect our business, financial condition, cash flows, results of operations and existing and future orders. Due to technical defects in wind turbines supplied by us, warranty claims or other defect liability claims may be asserted.*”

#### *Cost of Materials*

Our cost of materials increased by EUR 36.5 million, or 1.4 per cent. per cent., from EUR 2,674.7 million (*pro forma*) in the financial year ended December 31, 2015 to EUR 2,711.2 million (*pro forma*) in the financial year ended December 31, 2016. The cost of materials ratio (cost of raw materials and other supplies and cost of services purchased expressed as a percentage of sales) decreased by 3.6 percentage points from 79.1 per cent. (*pro forma*) in the financial year ended December 31, 2015 to 75.6 per cent. (*pro forma*) in the financial year ended December 31, 2016, primarily as a result of higher costs in 2015 arising from quality problems with externally procured rotor blades.

#### *Staff costs*

Our staff costs increased by EUR 45.4 million, or 17.2 per cent., from EUR 263.9 million (*pro forma*) in the financial year ended December 31, 2015 compared to EUR 309.3 million (*pro forma*) in the financial year ended December 31, 2016, primarily due to an increase in the average number of employees which we required as a consequence of the growth in our business operations in Germany, Turkey, France, the United Kingdom and Finland during this period.

#### *Depreciation / Amortization*

Our depreciation of property, plant and equipment and amortization of intangible assets increased by EUR 6.9 million, or 5.4 per cent., from EUR 128.3 million (*pro forma*) in the financial year ended December 31,

2015 to EUR 135.2 million (*pro forma*) in the financial year ended December 31, 2016. Depreciation of property, plant and equipment increased from EUR 46.4 million (*pro forma*) in the financial year ended December 31, 2015 to EUR 53.2 million (*pro forma*) in the financial year ended December 31, 2016. Amortization of capitalized development costs decreased from EUR 47.1 million (*pro forma*) in the financial year ended December 31, 2015 to EUR 44.1 million (*pro forma*) in the financial year ended December 31, 2016. Amortization of intangible assets increased from EUR 34.9 million (*pro forma*) in the financial year ended December 31, 2015 to EUR 37.8 million (*pro forma*) in the financial year ended December 31, 2016. The increase in depreciation and amortization was primarily due to investments in our production facilities in Rostock, Germany, and in a new office building in Hamburg, Germany.

#### *Other Operating Expenses*

Our other operating expenses increased by EUR 118.9 million, or 62.6 per cent., from EUR 189.9 million (*pro forma*) in the financial year ended December 31, 2015 to EUR 308.8 million (*pro forma*) in the financial year ended December 31, 2016, primarily due to liquidated damages paid by us to certain of our customers in connection with quality issues in the externally sourced NR 58.5 rotor blades which arose during the course of 2015. See “—*Other Operating Income*” above and “*Risk Factors—Risks related to our business—Any technical deficiencies in our wind turbine systems could adversely affect our business, financial condition, cash flows, results of operations and existing and future orders. Due to technical defects in wind turbines supplied by us, warranty claims or other defect liability claims may be asserted.*” The increase in our other operating expenses was also driven by currency translation losses mainly driven by the depreciation of the USD, Turkish Lira, South African Rand and British Pound against the EUR, which reduced the EUR value of revenue payable by customers in those currencies.

#### *Interest and Similar Expenses*

Our interest and similar expenses increased from EUR 36.4 million (*pro forma*) in the financial year ended December 31, 2015 to EUR 37.8 million (*pro forma*) in the financial year ended December 31, 2016, primarily due to an increase in borrowing to re-finance corporate bonds.

#### *Income Taxes*

Our income tax expense decreased by EUR 2.1 million or 4.6 per cent., from a tax income expense of EUR 45.2 million (*pro forma*) in the financial year ended December 31, 2015 to a tax income expense of EUR 43.1 million (*pro forma*) in the financial year ended December 31, 2016, primarily relating to the forfeiture in 2015 of unused corporate and trade tax losses in Germany as a result of the change in our shareholding structure following the AWP Merger.

#### *Consolidated net profit*

As a result of the developments discussed above, our consolidated net profit increased by EUR 33.9 million from EUR 54.9 million (*pro forma*) in the financial year ended December 31, 2015 to EUR 88.8 million (*pro forma*) in the financial year ended December 31, 2016.



### Comparison of the Financial Years Ended December 31, 2014 (Audited) and 2015 (Audited)

The following table shows certain information with respect to our consolidated income statement and period-to-period changes for the periods presented.

	Actual Financial year ended December 31, 2014 <sup>(1)</sup>	Actual Financial year ended December 31, 2015 <sup>(1)</sup>
	(audited) (in EUR million)	(audited) (in EUR million)
Sales .....	1,734.5	2,430.1
Changes in inventories and other own work capitalized .....	4.9	(14.0)
<b>Total revenue .....</b>	<b>1,739.5</b>	<b>2,416.1</b>
Other operating income .....	22.7	21.4
Cost of materials .....	(1,342.7)	(1,879.8)
Staff costs .....	(167.7)	(197.3)
Depreciation / amortization .....	(43.0)	(56.1)
Other operating expenses .....	(130.7)	(178.1)
<b>Earnings before interest and taxes .....</b>	<b>78.0</b>	<b>126.2</b>
Income from investments .....	0.3	1.0
Profit/loss from equity accounting method .....	(2.5)	(1.2)
Impairment of financial assets .....	(2.5)	(7.1)
Other interest and similar income .....	2.4	2.4
Interest and similar expenses .....	(20.5)	(23.3)
<b>Financial result .....</b>	<b>(22.7)</b>	<b>(28.2)</b>
<b>Net profit/loss from ordinary activities .....</b>	<b>55.3</b>	<b>98.1</b>
Income tax .....	(16.3)	(45.8)
<b>Consolidated net profit .....</b>	<b>39.0</b>	<b>52.3</b>

(1) AWP is only included from the date of the consolidation, April 1, 2016. See “—Basis of Presentation and Factors Affecting the Comparability of Financial Information”

### Total Revenues

The following table shows our consolidated sales by business segment for the periods indicated.

	Actual Financial year ended December 31, 2014 <sup>(1)</sup>	Actual Financial year ended December 31, 2015 <sup>(1)(2)</sup>
	(audited, unless otherwise indicated) (in EUR million)	(audited, unless otherwise indicated) (in EUR million)
<b>Sales from Projects<sup>(3)</sup> .....</b>	<b>1,568.3</b>	<b>2,233.6</b>
<b>Sales from Services<sup>(3)</sup> .....</b>	<b>166.9</b>	<b>212.0</b>
Consolidation <sup>(3)</sup> .....	(0.7)	(15.5)
<b>Total sales .....</b>	<b>1,734.5</b>	<b>2,430.1</b>
Changes in inventories and other own work capitalized .....	4.9	(14.0)
<b>Total revenues .....</b>	<b>1,739.5</b>	<b>2,416.1</b>

(1) AWP is only included from the date of the consolidation, April 1, 2016. See “—Basis of Presentation and Factors Affecting the Comparability of Financial Information”

(2) The figures for the financial year ended December 31, 2015 have been derived from the comparative figures included in the 2016 Audited Consolidated Financial Statements due to a change in segment presentation between the 2015 Audited Consolidated Financial Statements and the 2016 Audited Consolidated Financial Statements. For further information please refer to the notes to the 2016 Audited Consolidated Financial Statements, included elsewhere in this Company Report.

(3) Sales from Projects, Sales from Services and Consolidation presented separately are unaudited for the financial year ended December 31, 2014.

Our total revenues increased by EUR 676.6 million, or 38.9 per cent., from EUR 1,739.5 million in the financial year ended December 31, 2014 to EUR 2,416.1 million in the financial year ended December 31, 2015. This increase was primarily due to an increase in Project sales and Services sales.

### Sales

Our sales from Projects increased by EUR 665.3 million, or 42.4 per cent., from EUR 1,568.3 million in the financial year ended December 31, 2014 to EUR 2,233.6 million in the financial year ended December 31, 2015. This increase in Project sales was primarily due to an increase of sales from Projects in Europe, Latin America,

North America and the rest of the world, respectively. Sales from Projects in Europe increased primarily due to an increase in Germany, Turkey, Lithuania, France, Finland and the United Kingdom due to favorable market conditions and the strength of our product offering. These sales increases in Europe were partly offset by decreased sales in Sweden which, during this period, implemented changes in tariffs and to its green certification process, which negatively impacted sales. Sales in Latin America were driven by strong sales in Uruguay resulting from entering into a large three-year contract, sales from which were initially recorded in 2015. Sales from Projects in North America increased primarily due to the extension of PTC in the United States in 2015 which drove higher sales in 2015 that were not present during 2014 as a result of the announced expiration and curtailment of PTC during that year. Sales in the rest of the world increased primarily as a result of higher sales in South Africa where we won South Africa's first ever public auction for onshore wind and also as a result of higher sales in Pakistan. Sales in the rest of the world were partly offset by a reduction in sales in China which was no longer accessible following 2014.

Our sales from Services increased from EUR 166.9 million in the financial year ended December 31, 2014 to EUR 212.0 million in the financial year ended December 31, 2015, primarily due to an increase of installed capacity subject to service contracts during that same period (from 9.1 GW as of December 31, 2014 to 11.5 GW as of December 31, 2015).

#### *Changes in inventories and other own work capitalized*

Our changes in inventories and other own work capitalized decreased by EUR 18.9 million from EUR 4.9 million in the financial year ended December 31, 2014 to negative EUR 14.0 million in the financial year ended December 31, 2015, primarily due to changes in inventories which were negative EUR 44.3 million in the financial year ended December 31, 2015 compared to negative EUR 23.2 million in the financial year ended December 31, 2014. The decrease in inventories reflected components being utilized as part of our Projects business. The decrease in inventories was partly offset by own work capitalized which increased by EUR 30.3 million in the financial year ended December 31, 2015 compared to EUR 28.1 million in the financial year ended December 31, 2014.

#### *Other Operating Income*

Our other operating income, decreased by EUR 1.3 million, or 5.7 per cent., from EUR 22.7 million in the financial year ended December 31, 2014 to EUR 21.4 million in the financial year ended December 31, 2015, primarily due to gains from the disposal of assets of EUR 6.8 million reflected in the financial year ended December 31, 2014, compared to EUR 0.2 million in the financial year ended December 31, 2015. The decrease in gains from the disposal of assets was partially offset by higher foreign currency translation gains in the financial year ended December 31, 2015 compared to the financial year ended December 31, 2014, driven mainly by the depreciation of the USD, Turkish Lira and British Pound against the EUR.

#### *Cost of Materials*

Our cost of materials increased by EUR 537.1 million, or 40 per cent., from EUR 1,342.7 million in the financial year ended December 31, 2014 to EUR 1,879.8 million in the financial year ended December 31, 2015. The cost of materials ratio (cost of raw materials and other supplies and cost of services purchased expressed as a percentage of sales) remained stable at 77.4 per cent.

#### *Staff costs*

Our staff costs increased by EUR 29.6 million, or 17.7 per cent., from EUR 167.7 million in the financial year ended December 31, 2014 compared to EUR 197.3 million in the financial year ended December 31, 2015, primarily due to an increase in the average number of employees, from 2,800 employees in the financial year ended December 31, 2014 to 3,148 employees in the financial year ended December 31, 2015, reflecting an increase in employees in Services, nacelle and tower production and procurement and project management which were required as a consequence of the growth of our business operations during this period.

#### *Depreciation / Amortization*

Our depreciation of property, plant and equipment and amortization of intangible assets increased by EUR 13.1 million, or 30.5 per cent., from EUR 43.0 million in the financial year ended December 31, 2014 to EUR 56.1 million in the financial year ended December 31, 2015, primarily due to an increase of 41.0 per cent.

in the amortization of capitalized development cost as well as an increase of 24.7 per cent. in the depreciation of property, plant and equipment. Amortization of capitalized development costs increased from EUR 18.5 million in the financial year ended December 31, 2014 to EUR 26.1 million in the financial year ended December 31, 2015. Depreciation of property, plant and equipment increased from EUR 22.9 million in the financial year ended December 31, 2014 to EUR 28.6 million in the financial year ended December 31, 2015. The increase in depreciation and amortization was primarily due to investments in production facilities in Rostock, Germany.

#### *Other Operating Expenses*

Our other operating expenses increased by EUR 47.4 million, or 36.3 per cent., from EUR 130.7 million in the financial year ended December 31, 2014 to EUR 178.1 million in the financial year ended December 31, 2015, primarily due to an increase in liquidated damages payable by us in connection with damage caused to certain turbines as a result of quality issues in electrical systems (see “*Risk Factors—Risks related to our business—Any technical deficiencies in our wind turbine systems could adversely affect our business, financial condition, cash flows, results of operations and existing and future orders. Due to technical defects in wind turbines supplied by us, warranty claims or other defect liability claims may be asserted*”) and also as a result of an increase in currency translation losses, driven mainly by the depreciation of the USD, Turkish Lira and British Pound against the EUR which reduced the EUR value of revenue payable by customers in those currencies.

#### *Interest and Similar Expenses*

Our interest and similar expenses increased from EUR 20.5 million in the financial year ended December 31, 2014 to EUR 23.3 million in the financial year ended December 31, 2015, primarily due to utilization of cash credit facilities or bank loans entered into for general corporate purposes and from commissions associated with guarantees required by Projects customers.

#### *Income Taxes*

Our income tax expense increased by EUR 29.5 million, from a tax income expense of EUR 16.3 million in the financial year ended December 31, 2014 to a tax income expense of EUR 45.8 million in the financial year ended December 31, 2015. The increase was mainly due to an increase in deferred income tax liabilities from EUR 9.1 million in the financial year ended December 31, 2014 to EUR 32.3 million in the financial year ended December 31, 2015 and an increase in current income tax expenses from EUR 7.3 million in the financial year ended December 31, 2014 to EUR 13.5 million in the financial year ended December 31, 2015. The increase in deferred taxes includes EUR 17.1 million arising from the forfeiture in 2015 of unused corporate tax and trade tax losses in Germany as a result of the change in our shareholding structure following the AWP Merger. The increase in income tax expense was driven by an increase in net profit before tax which increased from EUR 55.3 million in the financial year ended December 31, 2014 to EUR 98.1 million in the financial year ended December 31, 2015.

#### *Consolidated net profit*

As a result of the developments discussed above, our consolidated net profit increased by EUR 13.3 million from EUR 39.0 million in the financial year ended December 31, 2014 to EUR 52.3 million in the financial year ended December 31, 2015.

### **Liquidity and Capital Resources**

Our principal source of funds has been cash generated from operating activities, primarily through advance payments for projects from customers, as well as borrowings under the Amended EIB Finance Contract, the *Schuldscheindarlehen* and the MGF Agreement. Borrowings under the Amended EIB Finance Contract, the *Schuldscheindarlehen* and the MGF Agreement are subject to certain conditions, including compliance with financial maintenance and other covenants and warranties. See “*Description of Certain Financing Arrangements—Multicurrency Guarantee Facility*”, “*Description of Certain Financing Arrangements—EIB Finance Contract*” and “*Description of Certain Financing Arrangements—Schuldscheindarlehen*.” Our principal use of cash is to fund working capital, capital expenditures and to fund our debt service requirements. Furthermore, in the ordinary course of business, we utilize the MGF Agreement for the issuance of, among other things, warranty guarantees, payment guarantees, advance payment guarantees, performance guarantees, customs guarantees and other types of letters of credit, sureties and guarantees. As of September 30, 2017, we had EUR 510.7 million of the MGF outstanding in the form of guarantees and EUR 36.1 million in cash drawings.

As a result of the AWP Merger, we have incurred substantial amounts of indebtedness. Our ability to make principal or interest payments when due on our indebtedness, including indebtedness under the Amended EIB Finance Contract, and the MGF Agreement, and to fund our ongoing operations, will depend on our future performance and our ability to generate cash, which, to a certain extent, is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed under “*Risk Factors*,” many of which are beyond our control. We also expect to be leveraged for the foreseeable future and we may undertake acquisitions and investments in the future which may increase our leverage and level of indebtedness. The level of our indebtedness may have important liquidity consequences. See “*Risk Factors—Risks related to our Business—We may not be able to generate sufficient cash to service our indebtedness, including due to factors outside our control, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.*”

As of September 30, 2017, we had cash and cash equivalents in the amount of EUR 453.2 million.

### **Working Capital**

We define net working capital as total of trade receivables, future receivables from construction contracts recognized in accordance with the percentage-of-completion method (“**PoC Receivables**”) and inventories, less trade payables and prepayments received.

Set forth in the table below is a calculation of our net working capital as of the dates indicated.

	As of December 31,		Actual	As of September 30,	
	2014 <sup>(1)</sup>	2015 <sup>(1)</sup>	2016 <sup>(1)</sup>	2016 <sup>(1)</sup>	2017
	(audited unless stated otherwise)		(in EUR million)	(unaudited)	
Trade receivables	58.8	93.5	160.2	277.2	181.2
PoC Receivables	126.7	182.0	539.2	319.1	499.8
Inventories	273.9	218.6	197.5	338.1	277.8
Trade payables	(177.5)	(254.9)	(377.3)	(428.9)	(578.4)
Prepayments received	(322.0)	(268.4)	(372.9)	(278.3)	(90.3)
<b>Net working capital (unaudited)</b>	<b>(40.1)</b>	<b>(29.3)</b>	<b>146.7</b>	<b>227.3</b>	<b>290.1</b>

(1) AWP is only included from the date of the consolidation, April 1, 2016. See “—*Basis of Presentation and Factors Affecting the Comparability of Financial Information.*”

Our net working capital increased from EUR 227.3 million as of September 30, 2016 to EUR 290.1 million as of September 30, 2017, corresponding to a 27.6 per cent increase, primarily due to an increase in PoC Receivables as a result of the increase in our Projects business, partially offset by a decrease of trade payables and inventories.

Our net working capital increased from negative EUR 29.3 million as of December 31, 2015 to EUR 146.7 million as of December 31, 2016, corresponding to an increase of EUR 176.0 million, primarily due to an increase in trade receivables and PoC Receivables as a result of an increase in our Projects business following the AWP Merger, partially offset by an increase of trade payables and prepayments received.

Our net working capital increased from negative EUR 40.1 million as of December 31, 2014 to negative EUR 29.3 million as of December 31, 2015, corresponding to an increase of EUR 10.8 million, primarily due to an increase in PoC Receivables as a result of the increase in our Projects business, partially offset by a decrease of inventories as a result of components being utilized as part of our Projects business.

## Cash Flows

The following table shows selected information with respect to our consolidated statements of cash flows for the periods indicated.

	Actual Financial year ended December 31, 2014 <sup>(1)(2)(3)</sup> 2015 <sup>(1)</sup> 2016 <sup>(1)</sup> (audited) (in EUR million)			Nine months ended September 30, 2016 <sup>(1)</sup> 2017 (unaudited)	
<b>Cash and cash equivalents at the beginning of the period</b> . . . . .	333.0	388.4	529.0	529.0	649.5
Cash flow from operating activities . . . . .	160.3	168.0	144.4	(115.1)	(95.5)
Cash flow from operating activities before net working capital . . . . .	89.3	178.9	287.4	108.4	47.9
Cash flow from changes in working capital . . . . .	71.0	(10.9)	(143.0)	(223.6)	(143.4)
Cash flow from investing activities . . . . .	(71.6)	(73.4)	(399.2)	(357.0)	(110.1)
Cash flow from financing activities . . . . .	(38.3)	50.0	369.2	372.8	21.1
<b>Change in cash and cash equivalents<sup>(4)</sup></b> . . . . .	<b>50.4</b>	<b>144.6</b>	<b>114.4</b>	<b>(99.4)</b>	<b>(184.5)</b>
<b>Free cash flow<sup>(5)</sup></b> . . . . .	88.7	94.6	(254.8)	(472.1)	(205.6)
<b>Cash and cash equivalents at the end of the period<sup>(6)</sup></b> . . . . .	<b>388.4</b>	<b>529.0</b>	<b>649.5</b>	<b>430.6</b>	<b>453.2</b>

(1) AWP is only included from the date of the consolidation, April 1, 2016. See “—Basis of Presentation and Factors Affecting the Comparability of Financial Information.”

(2) The figures for the financial year ended December 31, 2014 have been derived from the comparative figures included in the 2015 Audited Consolidated Financial Statements. These figures deviate from the figures included in the 2014 Audited Consolidated Financial Statements due to a restatement as a result of the inclusion of fixed-term deposits in cash and cash equivalents. For further information please refer to the notes to the 2015 Audited Consolidated Financial Statements, included elsewhere in this Company Report.

(3) Restated due to the inclusion of fixed-term deposits in cash and cash equivalents.

(4) Excluding cash change from discontinued operations.

(5) Sum of cash flow from operating activities and cash flow from investing activities.

(6) Cash and cash equivalents at the end of the financial year ended December 31, 2014, included EUR 0.4 million held in an escrow account.

## Comparison of the Nine Months Ended September 30, 2016 and the Nine Months Ended September 30, 2017

- **Cash Flow from Operating Activities.** Our cash flow from operating activities amounted to a cash outflow of EUR 115.1 million in the nine months ended September 30, 2016 compared to a cash outflow of EUR 95.5 million in the nine months ended September 30, 2017. The decrease in cash outflow from operations was primarily due to an increase in PoC Receivables which was offset by a decrease in trade receivables and an increase in trade payables.
- **Cash Flow from Investing Activities.** Our cash flow used in investing activities amounted to a cash outflow of EUR 357.0 million in the nine months ended September 30, 2016 compared to a cash outflow of EUR 110.1 million in the nine months ended September 30, 2017. The decrease in cash outflows from investing activities was primarily due to cash outflows related to the AWP Merger which occurred in 2016 and were not present in 2017, partly offset by an increase in capitalized R&D costs in the nine months ended September 30, 2017.
- **Cash Flow from Financing Activities.** Our cash flow from financing activities decreased from a cash inflow of EUR 372.8 million in the nine months ended September 30, 2016 to a cash inflow of EUR 21.1 million in the nine months ended September 30, 2017. The cash inflow from financing activities in the nine months ended September 30, 2016 was primarily the result of borrowings pursuant to the *Schuldscheindarlehen*. In this period, cash inflow from financing activities was partly offset by repayment in full of corporate bonds in April 2016 and repayment of a working capital loan. Cash inflow from financing activities in the nine months ended September 30, 2017 primarily represented borrowings under bank loans.

## Comparison of the Financial Year Ended December 31, 2015 and the Financial Year Ended December 31, 2016

- **Cash Flow from Operating Activities.** Our cash flow from operating activities amounted to a cash inflow of EUR 168.0 million in the financial year ended December 31, 2015 compared to a cash inflow of EUR 144.4 million in the financial year ended December 31, 2016. The decrease was primarily due to an increase in trade payables, partially offset by an increase in PoC Receivables and trade receivables and a higher consolidated profit during this period.



- *Cash Flow from Investing Activities.* Our cash flow from investing activities amounted to a cash outflow of EUR 73.4 million in the financial year ended December 31, 2015 compared to a cash outflow of EUR 399.2 million in the financial year ended December 31, 2016. The increase in cash outflow from investing activities was primarily associated with the payment of the Cash Component payable in connection with the AWP Merger.
- *Cash Flow from Financing Activities.* Our cash flow from financing activities increased from a cash inflow of EUR 50.0 million in the financial year ended December 31, 2015 to a cash inflow of EUR 369.2 million in the financial year ended December 31, 2016. The cash inflow from financing activities in the financial year ended December 31, 2016 was primarily the result of borrowings pursuant to the *Schuldscheindarlehen*. In this period, cash inflow was partly offset by repayment of corporate bonds and repayment of a working capital loan.

#### ***Comparison of the Financial Year Ended December 31, 2014 and the Financial Year Ended December 31, 2015***

- *Cash Flow from Operating Activities.* Our cash flow from operating activities amounted to a cash inflow of EUR 160.3 million in the financial year ended December 31, 2014 compared to a cash inflow of EUR 168.0 million in the financial year ended December 31, 2015. The increase was primarily due to a higher consolidated profit and depreciations and amortization of non-current assets and decreases in inventory, partly offset by increases in trade payables and decreases in pre-payments received.
- *Cash Flow from Investing Activities.* Our cash flow from investing activities amounted to a cash outflow of EUR 71.6 million in the financial year ended December 31, 2014 compared to a cash outflow of EUR 73.4 million in the financial year ended December 31, 2015. The increase in cash outflows from investing activities was primarily due to the capitalization of certain development projects and an investment in financial assets, offset by a reduction in payments received from the disposal of property, plant and equipment which were received in the financial year ended December 31, 2014 but were not present in the financial year ended December 31, 2015.
- *Cash Flow from Financing Activities.* Our cash flow from financing activities improved from a cash outflow of EUR 38.3 million in the financial year ended December 31, 2014 to a cash inflow of EUR 50.0 million in the financial year ended December 31, 2015. No cash outflows from financing activities were recorded in the financial year ended December 31, 2015, while in the financial year ended December 31, 2014, cash was used to repay bank loans and finance leases. The cash inflow from financing activities in the financial year ended December 31, 2015 was primarily the result of borrowings under the EIB Finance Contract.

#### ***Capital Expenditures***

Capital expenditures are defined as our cash payments for the purchase of property, plant and equipment and cash payments for the purchase of intangible assets.

The following table sets forth an overview of our capital expenditures for the periods indicated.

	Actual Financial year ended December 31, 2014 <sup>(1)</sup> 2015 <sup>(1)</sup> 2016 <sup>(1)</sup> (audited) (in EUR million)			Actual Nine months ended September 30, 2016 <sup>(1)</sup> (unaudited)	Actual 2017
Property, plant and equipment . . . . .	44.3	39.7	62.0	26.9	71.9
Intangible assets . . . . .	32.0	35.4	40.5	28.1	34.2
<b>Total capital expenditures . . . . .</b>	<b>76.3</b>	<b>75.1</b>	<b>102.5</b>	<b>55.0</b>	<b>106.1</b>

(1) AWP is only included from the date of the consolidation, April 1, 2016. See “—Basis of Presentation and Factors Affecting the Comparability of Financial Information.”

Our capital expenditure for property, plant and equipment includes growth capital expenditure, which relates to investment in new activities, and maintenance capital expenditure, which relates to the replacement of old assets that reach the end of their useful life or can no longer be used. Growth investments include all investments necessary to expand our current product range or existing production facilities.

Our capital expenditure for intangible assets primarily relates to capitalized R&D costs. The following table sets forth details relating to our capitalized R&D costs during the periods indicated:

	Financial year ended December 31, 2014 <sup>(1)</sup> 2015 <sup>(1)</sup> 2016 <sup>(1)</sup> (unaudited, unless otherwise indicated) (in EUR million unless otherwise indicated)			Actual Nine months ended September 30, 2016 <sup>(1)(3)</sup> 2017 (unaudited)	
Capitalized R&D costs (audited) . . . . .	30.7	30.9	183.1	22.8	29.4
R&D costs (capitalized and expensed) . . . . .	53.4	59.4	227.0	53.2	56.3
R&D capitalization rate (per cent.) <sup>(2)</sup> . . . . .	57.4	52.1	80.7	42.9	52.2

(1) AWP is only included from the date of the consolidation, April 1, 2016. See “—Basis of Presentation and Factors Affecting the Comparability of Financial Information.”

(2) The R&D capitalization rate is calculated as capitalized R&D costs as a percentage of the R&D costs in the respective period.

(3) Excluding capitalized additions from first time consolidation of AWP in the amount of EUR 149.3 million in the financial year ended December 31, 2016.

In the nine months ended September 30, 2017, capital expenditure for property, plant and equipment of EUR 71.9 million increased from EUR 26.9 million in the nine months ended September 30, 2016, primarily relating to investments in new buildings and production facilities, and equipment.

In the financial year ended December 31, 2016, capital expenditure for property, plant and equipment increased to EUR 62.0 million compared to EUR 39.7 million in the financial year ended December 31, 2015, primarily as a result of an increase in capital expenditure on land and buildings, technical equipment and machinery, prepayments made, and assets under construction.

In the financial year ended December 31, 2015, capital expenditure for property, plant and equipment increased to EUR 39.7 million compared to EUR 44.3 million in the financial year ended December 31, 2014, primarily as a result of an increase in capital expenditure on land and buildings and technical equipment and machinery.

We do not currently have any major committed capital expenditure projects or investments apart from those in the ordinary course of business and our existing R&D projects.

### ***Off-balance Sheet Arrangements***

We do not have any off-balance sheet arrangements.

### **Quantitative and Qualitative Disclosures about Financial Risks**

We have exposure to currency risk, liquidity risk and interest rate risk. Our risk management policies are established to identify and analyze the risks faced by us, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

#### ***Currency Risk***

We are exposed to fluctuations in exchange rates as a result of our global operations. Our operations are conducted by entities in many countries, and accordingly the results of operations are subject to currency translation risk and currency transaction risk. Our main exposures are related to assets and liabilities denominated in the USD. Our results are particularly affected by exchange rate fluctuations between the Euro and other currencies such as the USD, the Brazilian Real and the Indian Rupee.

As a result of investments, production facilities and other operations on a global basis, we have assets and liabilities and cash flows in currencies other than the EUR. The equity changes caused by movements in foreign exchange rates are shown as a translation difference in the financial statements. The primary objective of our foreign exchange risk management is to optimize the EUR value of net assets and cash flows, keeping the adverse impact of currency movements to a minimum. To achieve this objective, we conclude natural hedges, as far as possible, by entering into contracts with customers that match the currencies of our corresponding contracts with suppliers. In addition, we also enter into derivative instruments to reduce any remaining foreign currency risk. Derivative financial instruments are used solely for hedging purposes and are not utilized for trading or speculative purposes.

### ***Liquidity Risk***

Liquidity risk is the risk that an entity will be unable to meet its financial liabilities as they fall due. Our liquidity management approach is to continuously monitor payments made and received in light of the maturities of our financial investments and assets, as well as expected payment flows from our operating activities. Our financing arrangements are primarily provided through advanced payments for projects by customers and, with all projects, payments are invoiced in line with the progress of work on the basis of the agreed contractual schedule. We also use cross-border cash pooling mechanisms and other in-house banking instruments to allocate sufficient liquidity within the Group.

### ***Interest Rate Risk***

Interest rate risk is the risk that interest rate changes could result in an increase or decrease in the interest expense for variable-interest rate loans and overdrafts which could negatively affect us. Indebtedness under certain *Schuldscheindarlehen* bears interest at a floating rate based on EURIBOR, plus a margin. The resulting interest rate risk associated with these *Schuldscheindarlehen* is largely hedged by virtue of interest caps applying to the relevant variable interest rates. The market value of the interest caps was EUR 424,768 as of September 30, 2017. We do not have any assets subject to a variable interest rate entailing a material interest rate risk exposure. See “*Description of Certain Financing Arrangements—Schuldscheindarlehen.*”

### **Critical Accounting Estimates**

The preparation of our consolidated financial statements requires management to make certain estimates and apply judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We base our estimates and judgments on historical experience, current trends and other factors that management believes to be important at the time the financial statements are prepared. Due to the need to make estimates about the effect of matters that are inherently uncertain, materially different amounts could be reported under different conditions or using different assumptions. Management has changed, and might from time to time change, our accounting policies, including in order to comply with new requirements (see for example the change to IFRS 15 under “—*Sales recognition according to the percentage-of-completion method*” below) or to potentially adopt policies more in line with other industry participants, so as to allow better comparability. Any change in accounting policies could impact reported results for prior and future periods. Changes in current economic conditions and other events may also have a material impact on the actual figures. Therefore, actual results could differ from our estimates.

Key estimates and assumptions relate to the following:

#### ***Impairment of property, plant and equipment***

Property, plant and equipment are reported at cost and, where subject to wear and tear, written down on a scheduled basis.

Historical cost includes the directly attributable transaction costs. Any additional cost, e.g. as a result of extensions or replacements, is only assumed to constitute part of the historical cost of the asset in question or – where applicable – reported as a separate asset if future economic benefits are likely to flow to the Group as a result and the costs of the asset can be reliably determined.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset until all work has been materially completed to ready the asset for its intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

In accordance with IAS 20.24, government grants and assistance received for the purposes of acquiring assets are deducted from historical cost.

Expenditure on repairs and maintenance which do not constitute material replacement spending is recognized in profit and loss in the year in which it arises.

Depreciation is calculated on a straight-line basis. For this purpose, the historical cost is written down to the residual carrying amount over the expected useful lives of the assets.

The assets' residual values and useful lives are reviewed and, if appropriate, adjusted at each reporting date.

If there is any evidence indicating impairment in the value of the asset and the realizable amount is less than the amortized acquisition or production costs, the asset is written down on a non-scheduled basis. If the reasons for the impairment no longer apply, the impairment loss is reversed.

#### ***Goodwill impairment testing***

We test goodwill for impairment at least annually at the end of each year ("impairment only" approach). This necessitates the calculation of the value in use of the cash generating units to which the goodwill has been assigned. To estimate the value in use, we estimate the likely future cash flows from the cash generating unit in light of corporate costs and additionally select an appropriate discount rate to calculate the present value of this cash flow.

Goodwill was until 2015 assigned to the Europe reporting segment. From 2016, it has been assigned to our Projects and Services reporting segment. In the course of the acquisition of AWP, the segments were changed from the regions Europe, Asia and America to the divisions Projects and Service. The value in use is calculated by reference to the budget for the relevant year as well as the following four budget years derived from our medium-term forecasts.

The discount rate is calculated based on the weighted average cost of capital and is calculated based on a risk-free interest rate, a market risk premium and a beta factor. The beta factor and the ratio of the market value of equity capital to the market value of debt capital are determined by reference to a segment-specific peer group.

#### ***Capitalized development costs***

We review the fair value of our capitalized development costs at least once a year. In doing so, the Management Board assumes a useful life of five years for the purpose of calculating depreciation expense on capitalized development costs. In addition, the likely economic benefit of the development is determined by estimating the values in use of the cash generating units to which capitalized development costs are allocated. Past development costs which have become technically antiquated are written off.

#### ***Warranty claims, guarantee and service and maintenance provisions***

Provisions for warranty claims, guarantees, warranty claims, service and maintenance are recognized and measured on the basis of estimates which, among other things, may incorporate historical data particularly with respect to the expected costs.

Provisions are recognized if the Group has a present legal or constructive obligation and, as a result of a past event, it is more likely than not that an outflow of resources will be necessary to settle the obligation and a reliable estimate can be made of the amount of the obligation. Values are calculated on the basis of prudent estimates in the light of all discernible risks at the level of their probable occurrence.

If a number of similar obligations exist, as is the case with guarantee and warranty provisions, the probability of the burden on assets as a result of this group of obligations is determined.

Provisions are recognized at the present value of the expenditure expected to be required to settle the obligation discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Increases in provisions resulting solely from interest costs are recorded as interest expense in the income statement.

#### ***Sales recognition according to the percentage-of-completion method***

Sales comprise the fair value of the consideration received or receivable for the sale of Projects and Services in the ordinary course of the Group's activities. They are shown net of value added tax, returns, rebates and discounts, as well as after eliminating intra-group sales. Sales comprise income from the completion of construction contracts for customers, the sale of wind turbine systems and from service contracts.

Sales from Projects are recognized using the percentage-of-completion method on the basis of the ratio of actual to planned costs (Nordex) and milestones (AWP), respectively, provided that: a) a legally binding contract has

been signed; b) all necessary construction permits have been issued; c) a connection has been established with the grid or a grid-connection agreement has been signed; d) the customer has obtained the necessary finance, and e) the customer has remitted the agreed prepayment.

Profit is recognized on a prorated basis in accordance with the percentage-of-completion method. Contract costs comprise the costs directly attributable to the contracts as well as production overheads.

If circumstances arise that may change the original estimates of sales, costs or the percentage-of-completion, then these estimates are revised. These revisions may result in increases or decreases in estimated sales or costs and are reflected as income in the period in which the circumstances that give rise to the revision become known to us.

Sales from service contracts are recognized upon the service being rendered.

We currently recognize sales from Projects based on the percentage-of-completion method under IAS 11, which means that we recognize sales from Projects with reference to the stage of completion of the contractual activity at the end of a financial period where we can reliably estimate the sales to be derived from a contract.

We are required to begin recognizing sales from Projects and Services in accordance with IFRS 15 in the financial year beginning January 1, 2018 and may then decide to apply IFRS 15 fully retrospectively to prior financial periods by recognizing the cumulative effect of applying IFRS 15 as an adjustment to our opening balance of equity as of January 1, 2017, or instead, retain prior period figures as reported under IAS 11 and recognize the cumulative effect of applying IFRS 15 as an adjustment to our opening balance of equity as of January 1, 2018. The adoption of IFRS 15 means that sales from contracts regarding the sale of Projects and Services will be recognized on the basis of contractual performance obligations. While we expect little variance in timing and amount of sales to be recognized under our Service business from the first time application of IFRS 15, our reported sales from the sale of Projects will be significantly affected by the change to IFRS 15. As a result, the adoption of IFRS 15 may mean that our sales are recognized according to the transfer of control at less regular intervals than in our historical financial statements (for example we expect to recognize sales from our Projects business only when the wind turbine system we sell has been installed). As a result, our financial statements for future period may not be directly comparable to historical periods. See *“Risk Factors—Risks related to our business—Our sales are difficult to predict.”*

## ***Income Taxes***

### ***Current Income Tax***

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from, or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where we operate and generate taxable income.

### ***Deferred Tax***

We recognize deferred income tax assets on unused tax losses. Deferred income tax assets are calculated on the basis of a medium-term forecast for the German part of the Group. The forecast period for the probability of unused tax losses being utilized is unchanged at five years.

The non-German subsidiaries within the Group recognize deferred income tax assets for unused tax losses in the light of the applicable national tax rates and make allowance for any restrictions in the length of time in which the tax losses may be utilized. Deferred income tax assets are calculated on the basis of the medium term forecasts for the subsidiary in question.

## ***Receivables from construction contracts***

We record receivables under construction contracts in accordance with IAS 11. The proceeds from fixed-price contracts are compared with the planned contract costs from Projects. We have installed a project monitoring system (which reports to management) to oversee project costs. In addition to initial pricing, this system observes pricing changes during the performance of the contract, as well as the final pricing activities. Sales are recorded in accordance with the percentage-of-completion of the contract up until final acceptance by the customer.



## INDUSTRY

### Overview

Renewable energy is an industry underpinned by attractive fundamentals. Net electricity generation is expected to grow significantly by a total of 28 per cent. in OECD countries and 60 per cent. in non-OECD countries until 2040 compared to 2015 (*Source: U.S. EIA International Energy Outlook, 2017*). Main drivers for the increasing demand for electricity are growth in personal income, which leads to a higher use of electricity in residential and commercial buildings, and the urbanization trend in non-OECD countries. In addition, the use of electricity in transportation is expected to double by 2040, driven by the increasing use of electricity in automotive technology and the expanding rail sector (*Source: U.S. EIA International Energy Outlook, 2017*).

Renewables are expected to contribute significantly to this growth as an environmentally friendly source of electricity generation: while well-established sources like coal (which accounted for approximately 40 per cent. of global electricity generation in 2015) are forecasted to lose market share over the next decades, renewables are expected to grow at a higher rate than any other source of electricity generation. As many governments provide financial support to incentivize energy generation by renewables and simultaneously technological progress improves, renewables are expected to grow by a total of 99 per cent. by 2040 compared to 2015. Comparatively, electricity generation by natural gas and nuclear generation is expected to grow by a total of 68 per cent. and 45 per cent. by 2040 compared to 2015, respectively (*Source: U.S. EIA International Energy Outlook, 2017*).

Governmental support has been one of the key drivers for the rise of renewable power generation. In the decade from 2004 to 2014, many countries started to promote renewables with direct support policies – the number of countries implementing such measures grew from 48 to over 140 countries during this period (*Source: REN21 10 years of renewable energy progress, 2014*). While many possible policy measures to promote renewables, renewable energy targets (set by the respective countries) and FITs are amongst the most popular ones. While targets usually state a percentage of energy which should be generated by renewable sources within a certain time period, FITs assure that operators of renewable energy plants receive a pre-defined price per unit for the energy sold.

A milestone in promoting renewable energy generation was the Paris climate conference in December 2015. At this conference, the first legally-binding global climate deal was negotiated by 195 countries (the “**Paris Agreement**”). The Paris Agreement sets out the action plan to limit the long-term increase in global temperature to well-below 2.0 degrees Celsius above pre-industrial levels (and, in addition to strive for a maximum increase of 1.5 degree Celsius), to reach a peak of global emissions as soon as possible and to rapidly reduce global emissions after a peak has been reached. In addition, developed markets like the European Union agreed to provide USD 100 billion p.a. by 2020 in support for developing countries which are affected by global climate change to a greater extent (*Source: European Commission, 2016*). The Paris Agreement officially came into effect on November 4, 2016. Currently, 197 parties have signed the agreement while 172 of them have officially ratified the document.

Wind power itself is well positioned to benefit from the long-term growth trend of renewables – it is one of the fastest growing sources of renewable electricity generation, driven by the increasing cost competitiveness compared to other technologies. The cumulative global electricity generation by wind power is expected to grow by a total of 300% by 2035 (vs. 2015), compared to only 6% for conventional sources like nuclear, coal, gas and oil capabilities during the same time period (*Source: Bloomberg New Energy Finance New Energy Outlook, 2017*). The cost of wind energy continued to fall in 2016 and the first half of 2017 – the CoE benchmark for onshore wind decreased by 16 per cent. in H1’2017 compared to H1’2016 (*Source: Bloomberg New Energy Finance LCOE and Asset Valuation H1 2017*). To continue benefiting from the positive drivers and not be replaced by other electricity generation sources, wind turbine manufacturers are forced to reduce the cost of the energy produced (“**CoE**”), i.e. improving yields of the power turbines and simultaneously lowering operating and capital expenses.

Reasons for the decline in CoE are increasing capacity, efficiency and turbine size as well as improving know-how about siting and maintenance, and more standardized turbine production. Due to this development, onshore wind was the most cost-effective option for new grid-based power in several markets in 2016 (e.g. Brazil, Canada, Chile, parts of the United States and Europe), remaining and improving as an attractive alternative to other electricity sources (*Source: REN21 Global Status Report, 2017*).

## Global Markets for Wind Power Generation

Official targets for renewable electricity generation (in per cent. of total electricity generation) set by national governments have been a key driver for renewable energy and showcase how committed countries are to renewable energy and subsequently wind power. The table below shows selected markets of Nordex, their current share of renewable electricity generation and their official targets:

Country	Current RES penetration	Target	Change
Chile .....	14.0% (2016)	20.0% (2025)	+6.0%
France .....	19.0% (2015)	27.0% (2020)	+8.0%
Germany .....	31.0% (2015)	40.0-45.0% (2025)	+9.0-14.0%
Mexico .....	8.9% (2015)	35.0% (2024)	+26.1%
Spain .....	36.9% (2015)	38.1% (2020)	+1.2%

Source: GWEC Global Wind Report, 2016; REN21 Global Status Report, 2017

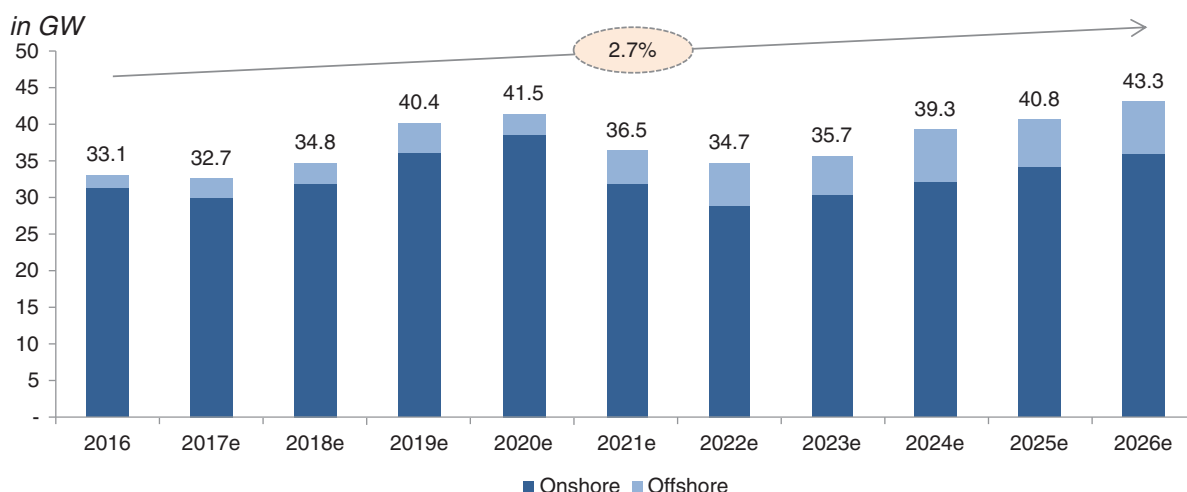
Wind power has become a source of energy in many countries worldwide. An important distinction when comparing different geographies is wind class. The International Electrotechnical Commission (IEC) differs between four types of wind classes:

- Wind Class I: Considered high speed with an annual average wind speed of 10m/s
- Wind Class II: Medium speed with an annual average wind speed of 8.5m/s
- Wind Class III: Low speed with an annual average wind speed of 7.5m/s
- Wind Class IV: Very low speed with an annual average wind speed of 6m/s

The differentiation among wind classes is important as product requirements are different for each category. For example, wind class III and IV regions generally call for low-wind specific products. We are producing turbines for the wind classes I, II and III.

In 2016, Asia drove the increase in new wind power capacity (measured by installed capacity), accounting for around half of the added capacity, while Europe and North America accounted for the majority of the remainder (Source: REN21 Global Status Report, 2017). Excluding China, Germany and the United States shared 43% of new grid-connected capacity added in 2016 (GW 33.1 in total), despite a significant drop in newly added capacity in Germany compared to 2015 (Source: MAKE Q4/2017 Global Wind Power Market Outlook Update). In 2017, global growth is expected to decrease slightly to approximately 32.7 GW of new grid-connected capacity. The market slowdown is mainly attributed to the United States and Brazil where new capacity additions are expected to decrease significantly in 2017 (Source: MAKE Q4/2017 Global Wind Power Market Outlook Update). On the other hand, the Northern European markets are expected to decrease in the years after 2018, with the market size of Germany declining from 5.9 GW to 3.7 GW and United Kingdom decreasing from 2.2 GW to 1.3 GW (2018 figures compared to 2017). Simultaneously, the United States is expected to record strong market growth in 2018/19 to 8.9 GW and 10.8 GW, respectively, compared to 6.9 GW in 2017 (Source: MAKE Q4/2017 Global Wind Power Market Outlook Update). In general, the long-term outlook for wind power until 2026 remains solid with annual installed capacity (excl. China) expected to grow by 2.7 per cent. on average (1.3 per cent. in onshore) (Source: MAKE Q4/2017 Global Wind Power Market Outlook Update).

## Global growth in installed capacity p.a. (grid-connected forecast), excluding China



Source: MAKE Q4/2017 Global Wind Power Market Outlook Update

The latest developments and outlooks for selected wind power markets, in which we are operating, are summarized below (as per Nordex's installed volume per country):

### Germany

Our home market is the largest market for wind power energy in Europe, representing 48 per cent. of total European installed base in 2016. As of the end of 2016, Germany recorded a total installed capacity of around 50.2 GW, which was slightly larger than the combined installed volume of the other three largest European markets: Spain (23.0 GW), UK (15.4 GW) and France (11.7 GW) (Source: MAKE Q4/2017 Global Wind Power Market Outlook Update). Germany was also the leading country regarding added capacity during 2016 with a market size of 5.3 GW. Due to its extensive installed capacity base and technological improvements, Germany represented the largest market for repowering worldwide in 2016, with an annual size of 654 MW and a global market share of 85 per cent. excl. China (Source: MAKE Q4/2017 Global Wind Power Market Outlook Update). Germany was able to generate 16 per cent. of its electricity needs by wind power in 2016, featuring one of the highest penetration rates in Europe. In 2017, the German government introduced an auction-based system, replacing the existing FIT system (Source: GWEC Global Wind Report, 2016). As a consequence, the market price for wind power has continued to decrease significantly, with an average price of 38.2 EUR/MWh achieved in a third auction in November, compared to 42.8 EUR/MWh achieved in a second auction in August, and 57.1 EUR/MWh in a first auction in May 2017 (Source: Bundesnetzagentur, 2017).

Germany has set targets regarding the use of renewable energy: until 2025, 40-45 per cent. of electricity should be generated by renewable energy – this target rises to 55-60 per cent. by 2035 (Source: REN21 Global Status Report, 2017). Therefore, the long-term market outlook for Germany is appealing: the country is expected to have the fourth highest addition in capacity until 2026 with a cumulative 37.4 GW of new installations in both onshore and offshore markets. Nevertheless, the German market is facing a decline in 2018/19 with added capacity dropping from 5.9 GW in 2017 to 3.7 and 3.6 GW in 2018 and 2019, respectively. One of the key reasons for this mid-term decrease is that many projects awarded during the 2017 auctions are expected to be delayed until after 2019 or abandoned as the new environment of low prices may impact the economic feasibility of awarded projects (Source: MAKE Q4/2017 Global Wind Power Market Outlook Update). We have an existing installed capacity in Germany of 4.2 GW as of September 30, 2017, the highest among all countries in which we are present.

### USA

The United States of America is the second largest wind power market worldwide behind China with a total existing installed capacity of 83.1 GW as of the end of 2016 (Source: MAKE Q4/2017 Global Wind Power Market Outlook Update). Existing installations are based in 40 states and could cover the electricity needs of up to 24 million of average American homes. Wind power has grown by an average rate of 12 per cent. during the last five years making wind power the most important electricity generating source amongst renewables in the

United States (*Source: GWEC Global Wind Report, 2016*). The market for added wind power capacity amounted to 8.9 GW in 2016 (*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update*). Investments in renewables are incentivized by the government through the Production Tax Credit (PTC) and the Investment Tax Credit (ITC) programs, both of which were approved by Congress for an extension of five years in December 2015. New wind power projects which started construction by the end of 2016 receive the full benefit, while the credit received is decreasing each year by 20 per cent. until 2019 (*Source: GWEC Global Wind Report, 2016*). The version of the TCJA introduced in the U.S. House of Representatives in November 2017 contained a provision that would have cut the wind industry's credit from 24 USD/MWh to 15 USD/MWh, leading to a significant decrease in benefits over the next decade. Although this provision was not included in the TCJA as enacted, the current U.S. administration has indicated its support for fossil fuel based energy and does not appear to intend to continue supporting the expansion of renewable energy, which could have a significant effect on the wind energy industry in the United States in future.

From a geographical point of view, Texas is the only state with an installed capacity of more than 10 GW and over half of current construction activity takes place in Texas (*Source: GWEC Global Wind Report, 2016*). There are currently five states plus the District of Columbia which set a renewable energy target of at least 50 per cent. of electricity generation (California, Hawaii, New York, Oregon, Vermont), with Hawaii setting the most ambitious target of 100 per cent. by 2045 (*Source: GWEC Global Wind Report, 2016; REN21 Global Status Report, 2017*). The United States is expected to be the second strongest growth market for wind power in the period until 2026 with a total new capacity of 58 GW – ranking behind China, and ahead of India and Germany (*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update*). As of September 30, 2017, the United States rank second regarding our installed capacity by country with an installed capacity of 2.6 GW.

### ***Spain***

Spain is Europe's second-largest wind power market based on existing installed capacity – the country had a total installed capacity of approximately 23.0 GW as of the end of 2016 (*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update*). However, the market size for new installed capacity in 2016 was relatively small compared to its existing size with an increase of only 53 MW. In 2015, only 3 MW of new wind power capacity was installed (*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update*). A recent auction in 2017 has proven the increasing competitiveness of onshore wind power in Spain with a price of 43 EUR/MWh achieved, which was the maximum discount rate permitted under the tender system (*Source: IEA Renewable Policy Update, 2017*). Despite the recent weakness of its wind power market in the last years, Spain has a target to generate 38.1 per cent. of its electricity needs with renewable energy by 2020 (*Source: REN21 Global Status Report, 2017*). Due to the high amount of existing installed capacity, the Spanish repowering market – with an added capacity of 6 MW in 2016 – is expected to grow by a growth rate of 47 per cent. p.a. until 2026 (*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update*). Since the merger with Acciona Windpower, we have three production facilities located in the states of Navarra and Castellón in Spain. As of September 30, 2017, we have an installed capacity of 1.9 GW in Spain and our existing installed capacity in the country is the third highest among all our markets.

### ***France***

France is the fourth largest wind power market in Europe based on an existing installed capacity of approximately 11.7 GW (*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update*). In terms of growth in 2016, France was ranked the third European country behind Germany and the United Kingdom with an added capacity of 1.4 GW, one of only four European countries managing growth in capacity above 1 GW per year (*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update*). Like Germany, France shifted to an auction-based system at the beginning of 2017 (*Source: GWEC Global Wind Report, 2017*). France is part of the most promising wind markets: the country has set itself the target to reach a total installed onshore wind power capacity of 19 GW by 2020 (*Source: REN21 Global Status Report, 2017*). Therefore, installed capacity is expected to grow by a total of 17.5 GW until 2026 (*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update*). As of September 30, 2017, our existing installed capacity in France amounts to 1.7 GW.

### ***Turkey***

With capacity additions of 1.3 GW during 2016 and a total installed capacity of 6.0 GW as of December 31, 2016, Turkey has become one of the largest markets for wind power capacity worldwide (*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update*). Turkey has limited access to oil and gas reserves and is therefore increasingly looking to move towards renewable energy generation and has set a national target of 20

GW of total installed wind power capacity by 2023 (*Source: GWEC Global Wind Report, 2017*). Parallel to the existing FIT system, Turkey introduced an auction system in 2017: a first tender was held in August 2017 with 1 GW of new capacity being awarded for a price of 34.8 USD/MWh (*Source: Reuters, 2017*). The country's geography is well-suited to benefit from wind power as it has large areas with wind speed above 7m/s at 50 meters. Key challenges for Turkey are supposed to be (i) the immature electricity and gas market leading to highly unpredictable price movements, (ii) grid transmission issues, and (iii) onerous bureaucratic procedures (*Source: GWEC Global Wind Report, 2016*). We are present as one of the key wind turbine manufacturers in Turkey and have an existing installed capacity of 1.7 GW as of September 30, 2017.

### ***United Kingdom***

With an existing installed capacity of 15.4 GW, the United Kingdom is Europe's third largest market for wind power generation (*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update*). The UK has set a target to generate 15 per cent. of total energy needs with renewable energies by 2020, compared to a contribution of 8.2 per cent. as of 2014/15 (*Source: REN21 Global Status Report, 2017*). Nevertheless, the UK government cut all subsidies for new onshore wind farms after April 2016 and therefore removed an important incentive for installing onshore wind turbines (*Source: REN21 Global Status Report, 2017*). The United Kingdom is part of the ten highest growing markets during the next decade (measured by total added capacity). On the other hand, the UK market for new onshore capacity is expected to drop from 1.7 GW in 2017 to 0.7 GW and 0.2 GW in 2018 and 2019, respectively, likely due to the aforementioned policy change (*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update*). As of September 30, 2017, our existing installed capacity in the United Kingdom amounts to 1.5 GW.

### ***Nordics (Denmark, Finland, Norway, and Sweden)***

The Nordic countries had a total existing installed capacity of around 14 GW as of December 31, 2016, with Denmark (5.2 GW) and Sweden (6.5 GW) making up for the largest share of the cumulative amount (*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update*). In Denmark and Sweden, wind power is a well-established source of electricity generation: Denmark was one of the first countries worldwide to develop wind farms. This is also reflected in current figures: as of 2016, wind power had 36.8 per cent. share of electricity generation in Denmark, thereby making it the highest penetration rate in Europe (*Source: Wind Europe Annual Statistics, 2016*). While Denmark relies on an auction-based system for wind power, Sweden and Norway have established a joint market for electricity certificates, where generators can sell certificates for each MWh to consumers.

Comparatively, Finland – where we are one of the key players in the market - has seen its main growth of wind power within the last five years (since 2012). Installed capacity in Finland as of December 31, 2016, amounted to 1.5 GW and 514 MW of capacity was added during 2016 (*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update*). Unlike Denmark, Finland still has a FIT system in place, but the government has announced its intention to switch to an auction-based system after 2018.

Wind power is least established in Norway with a total installed capacity of 0.8 GW and accounting for 1.9 per cent. of electricity demand. The trend in Norway is positive as demonstrated by the 1.46 GW of capacity in the installment process. This development is supported by the Fosen wind farm project, which is going to include six onshore wind sites. With a total capacity of just over 1 GW, this wind farm is expected to become the largest onshore wind farm in Europe (*Source: GWEC Global Wind Report, 2017*). As of September 30, 2017, we have an existing installed capacity of 1.1 GW in the four Nordic countries, with 435 MW in Sweden, 417 MW in Finland, 139 MW in Denmark and 148 MW in Norway. In addition, we are present with a technology center for rotor blade development in Denmark.

### ***Mexico***

Mexico has experienced significant growth in wind capacity installation, bringing its total installed capacity to 3.5 GW as of December 31, 2016 (*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update*). While wind power currently represents about 5 per cent. of electricity generation capacity, the government set targets to add 12 GW of capacity until 2020 and 15 GW until 2022 (*Source: GWEC Global Wind Report, 2016*). The electricity market in Mexico is currently transforming from a fully state-owned to a competitive, private market. Mexico successfully switched to an auction-based system in 2016: the first two auctions in 2016 closed at historically low prices as wind and solar power producers handed in stronger bids than producers of conventional energy sources. Mexico is one of the top ten countries when considering future growth of installed capacity as the



country is expected to add installations of 11.8 GW until 2026 (*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update*). We are one of the key turbine manufacturers in the Mexican market and already have an existing installed capacity of 989 MW in place as of September 30, 2017.

### ***Brazil***

The Brazilian wind power market has grown significantly in the last years, surpassing 10 GW existing installed capacity in 2016 (10.2 GW as of December 2016). Brazil has some of the best wind resources globally and is the largest market for wind power in Latin America with an added installed capacity of 2.6 GW during 2016 (*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update*). While hydro power is the dominating electricity source in Brazil with a market share of 61 per cent., wind energy accounted for 7 per cent. in 2016 (*Source: GWEC Global Wind Report, 2016*). Investments in future installations have been low and there was no auction closing during 2016. The main reasons for the deteriorating state of the industry in Brazil are (i) the economic crisis leading to a lack of demand for electricity, (ii) an insufficient infrastructure with a lack of transmission lines, and (iii) not enough financing support for new projects being available (*Source: GWEC Global Wind Report, 2016*). Additional issues are unfavorable trade policies, the volatility of the Brazilian Real - mainly caused by the economic development – and extensive bureaucracy. Despite the current difficulties Brazil is experiencing, the long-term outlook is solid and Brazil is expected to grow installations by a total of 17.7 GW until 2026 (*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update*). We have an established presence in Brazil with a factory in the state of Bahia. As of September 30, 2017, we have an existing installed capacity of 993 MW in Brazil.

### ***South Africa***

South Africa has a total installed capacity of 1.6 GW, of which 1.4 GW (90 per cent.) was installed within the period from 2014 to 2016 (*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update*). The country is well suited to generate electricity by wind power as 80 per cent. of the country has conditions to produce high load factors and wind power is proving to be cheaper than coal, despite South Africa possessing the world's seventh largest coal reserves (*Source: GWEC Global Wind Report, 2016*). Wind capacity added in 2016 amounted to 459 MW and an additional 3.4 GW of capacity is currently under development (*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update; GWEC Global Wind Report, 2016*). South Africa was one of the first countries to introduce an auction-based system for renewable energies in 2011. A fluctuating currency, high costs when being involved in a tender process, and costs associated to grid integration pose the biggest challenges to the wind power market in South Africa. Nonetheless, South Africa has solid growth prospects due to the aforementioned reasons and is expected to grow its installed capacity by 6.7 GW by 2026 (*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update*). Our current capacity in South Africa as of September 30, 2016, amounts to 563 MW.

### ***Chile***

Chile had an existing installed wind power capacity of 1.4 GW as of December 2016 (*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update*). Like Argentina, the country built a promising pipeline for the next years: In 2016, several tenders for a consolidated capacity amount of 4 GW took place, in which wind power bids succeeded in 39 per cent. of the contracts awarded. The government has set the target to generate at least 20 per cent. of electricity through renewable energies in 2025 (compared to 14 per cent. as of 2016), which is expected to boost new installations (*Source: GWEC Global Wind Report, 2016*). Chile was one of the earliest introducers of an auction-based system for renewable energy in 2006 (*Source: IRENA Renewable Energy Auctions, 2017*). With an expected additional capacity of 3.9 GW until 2026, Chile belongs to the top 20 markets worldwide measured by expected market growth (*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update*). Similar to many other South American countries, one of Chile's biggest issues is the inadequate national transmission system which will need to be extended as new capacity is added (*Source: GWEC Global Wind Report, 2016*). As of September 30, 2017, we have an existing installed capacity of 105 MW in Chile.

### ***India***

India has been one of the strongest growth markets for wind power in recent years and has become the fourth largest market globally. India increased its installed capacity by 3.6 GW in 2016, bringing total installed capacity to 28.7 GW in December 2016 (*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update*). In 2016, 9.1 per cent. of national installed grid capacity was covered by wind power. The government has set targets to increase electricity generation by renewable sources – the country aims to install an additional 60 GW of wind

capacity and increase non-fossil-fuel capacity (of total energy generation) to 40 per cent. by 2022 (*Source: GWEC Global Wind Report, 2016*). On the other hand, restrictions on land acquisition are still a major issue in India as it is a costly and time-consuming process to acquire land for wind power projects. Next to existing FIT systems in several states, India held its first wind auction in February 2017, organized by the national government (*Source: IRENA Renewable Energy Auctions, 2017*). Capacity growth outlook for India is one of the best worldwide as the country is expected to install a further 40.4 GW until 2026 (*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update*). Due to the appealing outlook, many of the top global wind turbine producers are trying to set a foot into the Indian market. We are present in the market with a factory in Chennai. As of September 30, 2017, we have an existing installed capacity in India of 78 MW.

### ***Argentina***

Argentina is the third largest power market in Latin America after Brazil and Mexico. Nevertheless, the political environment and failed attempts by the government in the last decades have led to an installed capacity of 227 MW as of December 2016, significantly below other countries in the region such as Brazil, Uruguay or Chile (*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update*). Argentina has an auction-based system in place to award wind power concessions. The trend for upcoming years is positive as the new government of President Macri is actively supporting the installation of new renewable capacity. As there were several successful tenders during 2016, the pipeline currently stands above 1 GW of new capacity which will be installed within the next two years. In order for the government to reach its target of 20 per cent. market share of renewable energies by 2025, the wind power industry must grow by 10 GW during the next 8 years (*Source: GWEC Global Wind Report, 2016*).

### ***China***

With a global share of existing wind power installations of 31 per cent., China is the largest market for wind power worldwide. The country added another 19.3 GW of new capacity in 2016, bringing current installed capacity to 146 GW and making China's existing installations approximately 75 per cent. larger than the United States' existing installations (*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update*). China's market is dominated by domestic players with no foreign companies listed in the top ten of manufacturers as of 2016, while the top ten companies accounted for 84 per cent. of annual capacity additions. Further, China is experiencing issues with its grid as an average of 17 per cent. of electricity generated by wind power was curtailed in 2016 (*Source: GWEC Global Wind Report, 2016*). Prior to 2013 we installed approximately 747 MW in China, but we are currently not operating in the Chinese market.

## **Overview over Wind Power Market Segments**

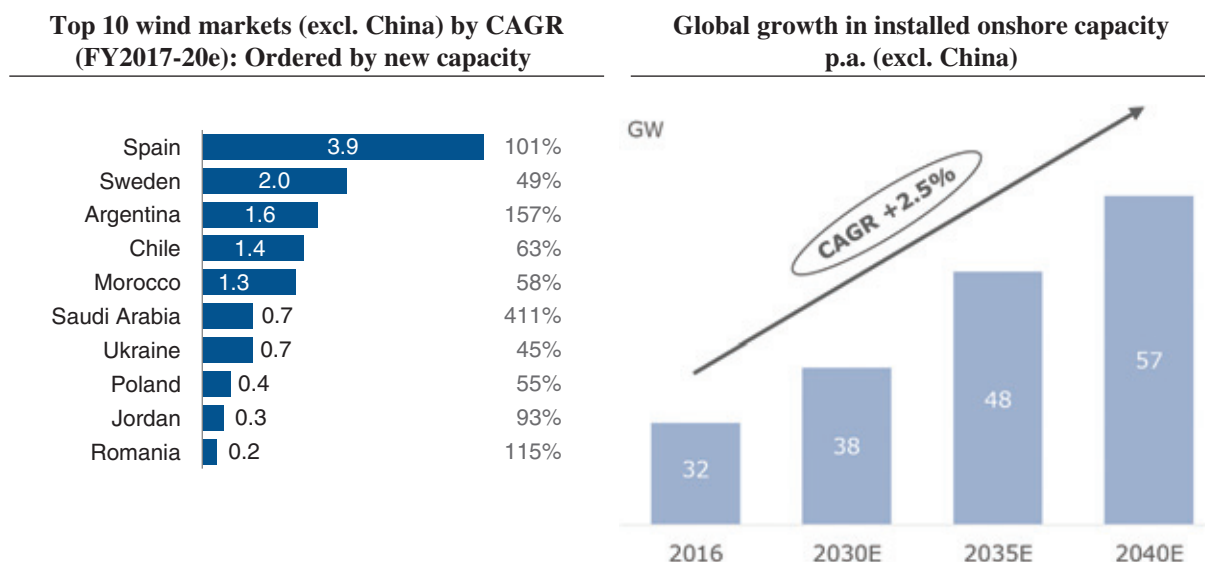
The wind power industry can be split into different segments: by location (onshore vs. offshore), by the type of business (manufacturing vs. services) or by other specifics of its markets (e.g. land- vs. grid-constrained or Volume vs. Growth Markets). The below paragraphs focus on the split by location and business type as these are most relevant for Nordex: we only operate in the onshore market and define our business segments by the type of business (Projects and Services).

### ***Onshore Wind Power Market***

The onshore wind market covers all turbines installed on land. Wind power energy generated onshore made up for the majority of wind electricity with a global share of added capacity of 95.2 per cent. in 2016 (*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update*). Onshore wind power has become cost competitive (or close to cost competitiveness) in most markets thanks to technological progress and experience over time.

The global outlook for onshore wind power is positive, despite slightly decreasing prospects in 2017. The global market (excl. China) for new grid-connected installed onshore capacity p.a. is expected to decrease by -4.5 per cent. in 2017 as especially the market in the United States is expected to decrease by c. -2.0 GW (based on expected figures by MAKE Q4/2017 Global Wind Power Market Outlook Update). While European onshore markets are expected to grow by 4.0 per cent. in 2017, a decrease of -13.5 per cent. in 2018 will reduce its annual capacity addition below the level of 2016. This will be balanced out by growth in other regions globally (especially Southern/Eastern Europe and North/South America) as global growth excluding China is expected to amount to 6.4 per cent. in 2018.

Over the long-term, the market for new onshore wind turbines (excl. China) is expected to grow by an annual growth rate of 1.3 per cent. (grid-connected forecast) until 2026 (*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update*). This is especially driven through growth in emerging markets in Asia, Middle East/ Africa and Latin America, while the historical strong region of Northern Europe with countries like Germany and the Nordics is expected to decline throughout this period. The table below summarizes the countries (excl. China) with the highest CAGR in added onshore wind power capacity from 2017-2020 (ordered by added capacity during this period) and the expected growth in grid-connected installed onshore capacity from 2017-2026:



*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update; Bloomberg New Energy Finance, New Energy Outlook 2017.*

The growth in the onshore wind power market is underpinned by strong fundamentals:

- *Demand for electricity is expected to rise:* Growth of the global economy, a consequent rise in income and the urbanization trend in non-OECD countries are expected to increase net electricity demand in the future. Further, the use of electricity for transportation is expected to double by 2040 (*Source: U.S. EIA International Energy Outlook, 2017*). Consequently, more electricity generation will be required in the future to satisfy the increasing demand;
- *Cost efficient energy source:* Wind power is an attractive alternative compared to other electricity sources due to its costs, having decreased significantly within the last years. Onshore wind power proved to be the most cost-effective source for new grid-based power in many markets in 2016, including Brazil, Canada, Turkey, and parts of China, Europe and the United States (*Source: REN21 Global Status Report, 2017*);
- *Environment-friendly alternative:* Wind as a renewable source of energy is considered as environmental-friendly source of electricity which is in favor of its popularity and support by governments. This becomes especially evident when compared to coal, which is still the most-used energy for producing electricity worldwide, but is causing substantially higher CO<sub>2</sub> emissions (*Source: U.S. EIA International Energy Outlook, 2017*); and
- *Steady support by governments:* Many countries have set targets for renewable energies in general, or particular wind power growth targets. Several governments therefore actively support most renewable generation with subsidies or other incentives. As the targets are in many cases quite ambitious and wind power plays an important role in the considerations of several countries, wind power can be expected to sustain government-backing in many markets.

### Services Business

After the installation of a wind turbine system, the turbines require a high degree of professional maintenance and further services to retain full capacity and reliability. Types of service contracts are usually divided into maintenance and full service contracts. While maintenance contracts often include only standard maintenance work, full service contracts also cover additional options such as repair work and additional guarantees (amongst

others). The length of service contracts can range from two years up to 20 years. We offer our customers a wide range of aftermarket services, including post-sale inspection and maintenance services, the delivery of spare parts, inspection of safety equipment, modernization upgrades, customer training, repair services and technical enhancements. Sales generated from our Services business comprised 9.2 per cent. (EUR 310.4 million) of our total consolidated sales in the twelve months ended September 30, 2017. We generated EUR 56.2 million EBITDA (18.1 per cent. EBITDA margin of Service sales) from our Services business in the twelve months ended September 30, 2017. As of September 30, 2017, our Services order book amounted to EUR 1,863.60 million.

The high EBITDA margin is an indication of the attractiveness of the Services segment: it provides predictable, recurring and ‘annuity-like’ cash flows and has a significantly higher profitability than the traditional turbine manufacturing business. As wind farms usually have warranties included when being built by manufacturers, most customers need to enter into a service agreement after initial installment of the turbine. As most of our wind turbine systems are sold with a service contract attached to them, it is unlikely that customers will change to independent providers of services just after installment, ensuring attractive follow-up income streams for the respective manufacturers. However, when contracts are up for renewal after some years, competition for service contracts and the churn rate may increase. In addition to the manufacturers of turbines, utility companies and professional third parties not involved in the manufacturing process provide services to this market. To remain competitive, we take advantage of our in-depth knowledge of our manufactured wind turbine systems and the wide range of services we offer.

### ***Project Development Business***

The project development segment includes the preparation and development of wind farm projects which are thereafter sold to investors as turnkey solutions. Compared to the simple sale of wind turbines, project development supports customers in the earlier stages of a project through conducting feasibility studies, securing permits and land rights and arranging financing. This allows wind turbine producers to have additional insights into the process and deepen the relationship to their customers through value-added services. Projects can be sold either on a ready-to-build or on a ready-to-operate stage. The project contracts and permits associated to our wind farm projects are typically tied to the installation of our wind turbine systems, providing a natural sales channel for increased sales from our wind turbine systems. Our project development team is currently operating in five key markets (France, India, South Africa, Honduras and Sweden).

## **Current Trends in the Onshore Wind Power Market**

### ***Shift Toward Market-Based Pricing Systems***

Initially, renewable energy was often supported by a FIT system (especially in Europe). As FIT systems are solely driven by the government, which determines the price it is willing to pay for the electricity, and renewable energy sources such as wind and solar power have become more competitive in the last years, many countries are now shifting towards a more market-based auction system. Contrary to the FIT system, the auction-based system allows market players to compete for the lowest price of electricity. This is destined to reduce the costs for taxpayers in the end and introduce a competitive component into the renewables market. While Brazil and South Africa have introduced the auction system in their markets early, other countries in South America, Africa, Asia and Europe have followed the trend in order to reduce subsidies paid to energy source operators (*Source: REN21 Global Status Report, 2017*).

For example, Germany has introduced competitive auctions since January 1, 2017. In the first three auctions in 2017, the government was able to reduce the cost of electricity significantly: while a first auction in May resulted in a price of 57.1 EUR/MWh, prices decreased in a second auction in August to 42.8 EUR/MWh. In a third auction held in November, the cost of electricity dropped further to a price of 38.2 EUR/MWh (*Source: Bundesnetzagentur, 2017*).

Prices obtained in wind power auctions worldwide have generally been decreasing in the last years. Wind turbine manufacturers are forced to reduce the cost of energy of their turbines to remain as a competitive product in the auction process.

<u>Country</u>	<u>Price</u>
Argentina .....	USD 59.4/MWh (2016)
	USD 53.3/MWh (2016)
Chile .....	USD 45.2/MWh (2016)
Germany .....	EUR 57.1/MWh (2017)
	EUR 42.8/MWh (2017)
	EUR 38.2/MWh (2017)
India .....	Rs 3.46/KWh (2017)
	Rs 2.64/KWh (2017)
Mexico .....	USD 55.3/MWh (2016)
	USD 20.6/MWh (2017)

Source: Bundesnetzagentur, 2017; IRENA Renewable Energy Auctions, 2017; Wind Power Monthly, 2017.

### ***Increasing Cost Competitiveness***

Onshore wind power has proven to be increasingly cost competitive compared to other electricity generating sources. Key competing electricity generating sources are especially natural gas and solar photovoltaic. Technological factors like more efficient turbines, but also increasing knowledge about positioning and maintenance, and standardized production processes have driven the CoE for onshore wind power to decrease over the last years. In 2016, onshore wind power made large progress in becoming the most cost-effective alternative for new grid-based power in several countries like Brazil, Canada, Chile, Mexico, Morocco, South Africa, Turkey, as well as in parts of Australia, China, Europe and the United States (*Source: REN21 Global Status Report, 2017*).

### ***Diversification of Customer Base***

As the wind power industry is becoming increasingly global, the customer base is adjusting. The most important customer groups for turbine manufacturers are independent power producers and energy utility companies such as Enel (IT) or National Grid (UK). In addition, corporations (mainly companies relying on electricity input, excluding utility providers) have increasingly entered the sector to secure access to reliable low-cost electricity. Corporations have been acting as customers in some markets for a longer time (e.g. in Mexico), but their number recently grew especially in the United States and Europe (*Source: GWEC Global Wind Report, 2016*). For example, Sweden and Norway both experienced an increase in commitment from corporations in the wind power sector. At the end of 2016, the cumulative capacity of power purchase agreements by corporations amounted to approximately 1 GW in Europe. In addition, there was an expansion of community- and citizen-owned projects in 2016 (*Source: REN21 Global Status Report, 2017*).

While utility companies often provide on-balance sheet financing themselves for their projects, the most common financing source for renewables is debt: onshore wind farms are usually developed by using 75-80 per cent. of debt financing. Nevertheless, institutional investors such as insurance companies and pension funds are increasingly providing equity finance for renewable projects, either directly or indirectly through investment vehicles. The combined investment of pension funds and insurance companies to European renewable energy projects amounted to USD 2.9 billion in 2016, ten times as high as the respective investment amount in 2010 (*Source: Bloomberg New Energy Finance: Global Trends in Renewable Energy Investment, 2017*).

### ***Focus on Technology to Lower Cost of Energy***

As cost of energy is becoming a central concept for wind turbine manufacturers, technology is a key element of differentiation, allowing for annual energy production (“AEP”) gains and cost savings in operating and capital expenses. Due to the need of AEP gains, the trend points towards larger and more efficient machines, including larger components such as rotor blades and rotor sizes, and higher hub heights to generate larger outputs per turbine. Manufacturers are bringing larger turbines with higher capacity to the market. In 2016, average capacity per turbine rose by 6.4 per cent. compared to 2015, bringing average capacity to 2.16 MW. In 2016, turbines with a capacity of 2-2.5 MW represented nearly 66 per cent. of the global supply (*Source: REN21 Global Status Report, 2017*).



Companies are also improving materials and design of turbines, and try to lower the costs of logistics and transportation e.g. with transportable concrete manufacturing facilities for tower construction. Digitalization is an additional factor which can improve data evaluation (e.g. for performance management) and generate better decisions regarding siting and design.

### ***Globalization of Onshore Wind Markets***

While the development of wind power has long been a phenomenon dominated by several countries in Europe, many other countries outside Europe have realized the potential of wind power as a renewable and relatively cheap source of electricity generation. This is illustrated by the aforementioned list of top ten onshore wind power markets by CAGR (2017-2020), where just two Western European countries are included (Sweden and Spain). Emerging market countries like India, Turkey, but also many Latin American countries have been catching up in the last years and can rely on growth prospects while the trend in Northern European markets is decreasing (*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update*). This is also reflected in targets for renewable energy generation which became a popular measure for governments globally to support renewable energy sources like wind power. The total capacity of wind power was able to generate 4 per cent. of electricity consumption in 2016 globally (*Source: REN21 Global Status Report, 2017*).

### ***Emerging Repowering Market***

The replacement of old wind turbines with newer, more efficient ones is referred to as repowering. New technology and regulation assists to ensure an increased capacity or efficiency of the wind power system. Due to the nature of this trend, repowering has the highest potential in markets with a large volume of existing installed capacity. In Europe, many operators are taking advantage of new technologies and replacing old turbines with fewer, larger, and taller ones to ensure increased efficiency and reliability. This trend was especially strong in Germany where 242 turbines were dismantled in 2016 (262 MW equivalent), but also in Denmark, the United States, Finland, Canada, the United Kingdom, the Netherlands, Sweden and Japan (*Source: REN21 Global Status Report, 2017*). Going forward, repowering is expected to be a strong trend in European markets. The annual repowering market (excluding China) is expected to grow by an average growth rate of 15 per cent. *per annum* until 2026 compared to 2016 (*Source: MAKE Q4/2017 Global Wind Power Market Outlook Update*).

### ***Services Market Offering Attractive Margins***

Services has its largest potential in markets with a sizeable existing installed capacity and markets with a strongly growing installed base. Wind turbine manufacturers are increasingly offering services like operation and maintenance of wind turbines to generate steadier and recurring cash flows by predictable and ‘annuity-like’ contracts. As most turbines are sold with a service contract attached to them, a high volume of new installations is usually connected to future cash flows for the manufacturing company. Service contracts can differ in length while the longest contracts are typically the most lucrative. Manufacturers usually offer either full service or maintenance contracts. While maintenance contracts focus more on basic service needs, full service contracts also offer the customers additional services like e.g. repair work.

### ***Competitive Environment***

Wind turbine manufacturing has become a global and increasingly concentrated market: the world’s top 10 turbine manufacturers split a market share of 75 per cent. in 2016 (*Source: REN21 Global Status Report, 2017*). To gain scale and ensure competitiveness, merger and acquisition activity was relatively high in the industry within the last years. In 2016 alone, we merged with Acciona Windpower and Siemens merged with Gamesa. Companies are acquiring competitors along the value chain (for example by acquiring blade manufacturers), or by entering into new segments (e.g. by acquiring players operating in the offshore industry).

The wind turbine manufacturing industry currently consists of three main types of players: large conglomerates such as General Electric/Alstom or Siemens Gamesa, companies with a sole focus on wind power such as us or Senvion, and Chinese market participants such as Goldwind. The latter are considered a separate group as the Chinese wind market is relatively isolated and no European OEM has been in the top ten in the Chinese market as of 2016 (*Source: GWEC Global Wind Report, 2016*).

We believe the onshore wind power market has significant barriers to entry, including (i) the required sizeable capital expenditures to develop competitive wind turbine technology and the linked ongoing investments into research and development (especially when facing the trend to lower CoE), (ii) the necessity to be an established

player with experience of successful projects to ensure customers' financing, (iii) close customer relationships with a long-term focus, (iv) the required ability and structure to comply with regulatory standards and (v) having the critical mass to be able to compete with other global OEMs.

The following are considered the global key players in the wind turbine manufacturing industry by installed capacity p.a. in 2016 (excluding Chinese players):

Company	Country	Technology	Geographic positioning
Enercon	Germany	Onshore	<ul style="list-style-type: none"> <li>European focus</li> <li>Gearless technology</li> </ul>
General Electric / Alstom	United States	Onshore / offshore	<ul style="list-style-type: none"> <li>Global player with extensive size (not only operating in the wind power market)</li> </ul>
Nordex	Germany	Onshore	<ul style="list-style-type: none"> <li>Global player with significant emerging market presence</li> </ul>
Senvion	Germany	Onshore / offshore	<ul style="list-style-type: none"> <li>Mainly European based player</li> <li>Offering both offshore and onshore</li> </ul>
Siemens Gamesa	Spain / Germany	Onshore / offshore	<ul style="list-style-type: none"> <li>Leading position in offshore</li> <li>Global reach in onshore and offshore</li> </ul>
Vestas	Denmark	Onshore / offshore	<ul style="list-style-type: none"> <li>Global market leader (highest market share)</li> </ul>

Source: Respective company reports

The following table lists the top wind turbine manufacturers (excluding Chinese market participants) in 2016:

Manufacturer	Global Market Share	Installed Capacity p.a. (GW)
Vestas	24.5%	8.18
Siemens Gamesa <sup>(1)</sup>	22.0%	7.35
GE	20.7%	6.91
Enercon	9.9%	3.31
Nordex	8.7%	3.07
Senvion	4.4%	1.47
Suzlon	3.4%	1.14
INOX	1.9%	0.63
Regen Powertech	0.7%	0.23
<b>Total 2016 (excluding China) (%)</b>	<b>96.2%</b>	<b>32.3</b>
<b>Total 2015 (excluding China) (%)</b>	<b>92.3%</b>	<b>30.6</b>
<b>Total 2014 (excluding China) (%)</b>	<b>93.4%</b>	<b>28.7</b>

(1) Figures show combined market share due to Siemens and Gamesa combination in 2016

Source: MAKE Consulting Market Shares, 2016; MAKE Consulting Market Shares, 2015

We are currently one of the top five players in the global wind market (excluding Chinese companies). We have a significant market share (measured by order intake) of 11 per cent. across North America and Latin America and 7 per cent. across Europe, the Middle East and Africa. The table below displays our global wind turbine market share in selected regions in the first three quarters in 2017 (measured by order intake):

Order intake per region	Q1-Q3 / 2017
<b>Europe, the Middle East and Africa</b>	
Market Share (%)	7%
<b>North America and Latin America</b>	
Market Share (%)	11%

Source: MAKE Q4/2017 Global Wind Power Market Outlook Update

## MANAGEMENT

### Overview

Nordex SE is a publicly listed European stock corporation (*Societas Europaea*) incorporated under the laws of Germany. The corporate bodies of the Company are the Management Board (*Vorstand*) (the “**Management Board**”), the Supervisory Board (*Aufsichtsrat*) (the “**Supervisory Board**”) and the shareholders’ meeting (*Hauptversammlung*). Their competencies are laid down in the Council Regulation (EC) No 2157/2001 of October 8, 2001 on the Statute for a European company (SE) and the German Act for the Implementation of the aforementioned regulation (*SE-Ausführungsgesetz*). In case no specific rules are laid down by such regulations, the German Stock Corporation Act (*Aktiengesetz*) is applicable. Furthermore the competencies are specified in the Company’s articles of association (*Satzung*) (the “**Articles of Association**”), as well as in the rules of procedure (*Geschäftsordnungen*) of the Management Board and the Supervisory Board.

In general, the Management Board is solely responsible (*Eigenverantwortung*) for conducting the Company’s business in its sole discretion in accordance with the law, the Articles of Association and its own rules of procedure. It represents the Company in its dealings with third parties.

The Management Board is responsible for the management of the Company and decides on fundamental questions of business policy, company strategy and on annual long-term planning. The Management Board must further ensure appropriate management and control of risk within the Company and its subsidiaries in order to identify at an early stage any developments jeopardizing the Company’s future as a going concern. The Management Board is also obliged to report to the Supervisory Board on a regular and at least quarterly basis on the course of business and its expected development.

The Management Board is also obliged to duly report to the Supervisory Board such transactions that may be of considerable importance to the Company’s profitability (in particular the return on equity) or liquidity, so that the Supervisory Board may have an opportunity to express its opinion on such transactions before they are concluded. The Supervisory Board may also request a report at any time on matters concerning the Company, on the legal and commercial relationships with affiliated companies or on commercial operations at these companies that may have a significant impact on the Company’s situation.

According to the Articles of Association, the Management Board consists of at least two members. The Supervisory Board determines the exact number of members of the Management Board and appoints the members of the Management Board. The Supervisory Board advises the Management Board on the management of the Company and monitors its conduct of business. Under the applicable laws and regulations, the Supervisory Board is not authorized to exercise management functions or to intervene in operational matters.

Simultaneous membership of the Management Board and the Supervisory Board is generally prohibited in companies under German law. However, simultaneous membership that results from a member of the Supervisory Board taking a seat on the Management Board of the same *Societas Europaea* (“**SE**”) for a maximum period of one year is permissible in exceptional cases. During this period, such individual may not perform any duties for the supervisory board.

As set out in the Council Regulation (EC) No 2157/2001, the Supervisory Board advises on, and oversees, the Management Board’s management of the Company, but is not itself authorized to manage it. The Articles of Association or the bylaws of a SE, however, may designate types of transactions that may only be made with the approval of the Supervisory Board unless the delay of such transactions until the approval of the Supervisory Board has been granted would involve significant disadvantages for the company or its subsidiaries. The Supervisory Board may issue a general authorization for a specific type of business in advance.

The members of the Management Board and of the Supervisory Board owe fiduciary duties of loyalty and care towards the Company. In discharging those duties, the members of these corporate bodies must consider a wide range of interests, in particular and foremost those of the Company, then of its shareholders, employees and creditors. The Management Board must also take due account of the shareholders’ right to equal treatment and equal information. The members of the Management Board or of the Supervisory Board shall be jointly and severally liable to the Company for any damages that may arise if they fail to discharge their duties.

Shareholders may generally not bring an action in court against members of the Management Board or members of the Supervisory Board for breaches of their duties towards the Company. Generally, only the Company itself has the right to bring a claim for damages against members of the Management Board or members of the

Supervisory Board, whereby the Company is represented by the Management Board when bringing claims against a Supervisory Board member and by the Supervisory Board when bringing claims against a member of the Management Board. Pursuant to a ruling by the German Federal Court of Justice, the Supervisory Board of a German stock corporation is obliged to bring potentially enforceable claims against the Management Board unless material considerations pertaining to the interests of the corporation outweigh or are at least equivalent to those in favor of such a claim. Such ruling is also applicable to the Supervisory Board of a SE. Despite a refusal of the Supervisory Board to pursue a claim for damages, such a claim may be enforced (i) upon a resolution of the shareholders' meeting, (ii) upon a petition with the competent court by minority shareholders meeting certain minimum requirements as to their stake in the Company, or (iii) by the Company's creditors whose claims could not have been settled by the Company.

Under applicable laws and regulations, no individual shareholder (or any other person) may exert its influence in the Company, to cause a member of the Management Board or the Supervisory Board to engage in any act detrimental to the Company. Shareholders with a controlling interest may not use it to cause the Company to act against its own interests unless the prejudice to its interests is compensated for. Anyone using their interest in the Company to cause a member of the Management Board a member of the Supervisory Board or a person who holds a power of attorney or is authorized to act for the Company to engage in any act detrimental to the Company or to our shareholders must compensate the Company and the shareholders for any loss sustained thereby.

### ***Management Board***

#### *Current Composition of the Management Board*

The current composition of the Company's Management Board is regulated in its Articles of Association. Pursuant to Article 7 (1) the Management Board is composed of at least two persons. The Supervisory Board appoints the members of the Management Board and determines the number of members as set forth in Article 7 (2) of the Articles of Association. It may also appoint deputy members of the Management Board and appoint one member of the Management Board the chairman of the Management Board. The chairman of the Management Board is the CEO of the Company.

The members of the Management Board are appointed by the Supervisory Board for a maximum term of five years in accordance with Article 7 (3) of the Articles of Association. Reappointments are permissible for a maximum term of five years.

Pursuant to Article 8 (2) of the Articles of Association, the Management Board adopts its own rules of procedure to the extent the Supervisory Board has not issued rules of procedure for the Management Board. The Supervisory Board has adopted rules of procedure for the Management Board on March 17, 2017.

As set forth in Article 15 of the Articles of Association, certain types of transactions may only be affected with the approval of the Supervisory Board, which may also make further types of transactions contingent upon its approval.

According to Article 8 (1) of the Articles of Association, resolutions by the Management Board are adopted by majority vote. In an event of deadlock, if the Management Board comprises of more than two members and the chairman of the Management Board has been appointed, the chairman of the Management Board has the casting vote.

In accordance with Article 9 (1) of the Articles of Association, the Company is legally represented by two members of the Management Board or by one member of the Management Board jointly with an authorized officer (*Prokurist*) and otherwise, in accordance with detailed stipulation of the Management Board, by authorized officers (*Prokuristen*) or other authorized signatories. Pursuant to Article 9 (2) of the Articles of Association, the Supervisory Board may exempt members of the Management Board from the limitations set forth in Section 181 of the German Civil Code (*BGB*) for transactions with the Company in their capacity as a representative of a third party (*Mehrfachvertretung*).

### *Members of the Management Board*

The members of our Management Board are José Luis Blanco Diéguez, Christoph Peter Burkhard and Patxi Xabier Landa Esparza. We are not aware of any conflicts of interest between any duties or private interests of the members of our Management Board and those duties they owe to us.

<u>Name</u>	<u>Age</u>
José Luis Blanco Diéguez .....	47
Christoph Peter Burkhard .....	53
Patxi Xabier Landa Esparza .....	45

The members of the Management Board can be contacted at the Company's business address: Langenhorner Chaussee 600, 22419 Hamburg, Germany.

The following description provides summaries of the *curricula vitae* of the current members of the Management Board and indicates their principal activities outside the Group to the extent those activities are significant with respect to the Company.

*José Luis Blanco Diéguez*, Chief Executive Officer. Mr Blanco was appointed Chairman of the Management Board on March 17, 2017, having been a member of the Management Board of Nordex SE since the AWP Merger in April 2016. José Luis Blanco Diéguez began his professional career in 1993 at Industrias Ferri, later going on to join Gamesa, where he assumed various executive positions and roles within the management board from 1997 to 2012. Among these were the roles of managing director at Gamesa Eolica USA, COO at Gamesa USA, and engineering director, CEO and Gamesa offshore director at Gamesa Solar. In 2011, he was appointed to the position of chief customer officer and member of the management board of Gamesa and in 2012 joined the management board of AWP. Mr Blanco graduated with a degree in industrial engineering and an MSc in mechanical engineering from Vigo University. He subsequently completed the Management Program in Strategy Operations Management at the Caixavigo Business School and PADE Senior Management Program at the IESE Business School in Madrid. Mr Blanco was appointed to the board of Nordex SE on April 3, 2016.

*Christoph Peter Burkhard*, Chief Financial Officer. Mr Burkhard joined Nordex in September 2016, having previously held the role of CFO of the offshore wind unit at Siemens AG, where he held global responsibility for this business area. Christoph Peter Burkhard began his career as an analyst for the European Commission in Luxembourg before going on to join BHF Bank in Frankfurt. Later roles include positions representing BHF Bank in the Czech Republic (Prague) and at the European Bank for Reconstruction and Development (EBRD) in Russia (Samara and Togliatti). In 1998, he relocated to Munich to join Siemens Financial Services, where he spent six years structuring and negotiating project and export financing for Siemens' operational units. In 2004, he was appointed to an executive position within major project operations at what was then Siemens Mobile Networks, before later moving to Siemens' headquarters to work within corporate strategy, until he was appointed CFO for the EMEA region of Siemens Wind Power's onshore unit in 2008. Mr Burkhard graduated with a Master of Science degree from London School of Economics and a Master's degree in business administration for the University of Tübingen. Mr Burkhard was appointed to the board of Nordex SE on August 30, 2016.

*Patxi Xabier Landa Esparza*, Chief Sales Officer. Mr Landa joined Nordex in April 2016 following the AWP Merger, having been appointed as business development director and member of the management board at AWP in 2007. Patxi Xabier Landa Esparza began his career at engine manufacturer Guascor and technology group Azkoyen, holding various positions, and joined the Acciona Group in 2002 where he served as managing director of Acciona Energy Australia and of Acciona Solar Power in the US. Mr Landa has a degree in economics and business sciences from the University of Navarra, a Master's degree in business administration from EOI Business School and has completed the PDG General Management Programme at IESE Business School, Navarra University. Mr Landa was appointed to the board of Nordex SE on April 3, 2016.

We also have a Supervisory Board comprising of six members. See “—*Supervisory Board*” below.

### ***Remuneration of Management***

The total remuneration of the members of the Management Board, and other current and former Nordex directors, who are considered to be key management for the Group, for the financial year ended December 31, 2016 amounted to EUR 4,643,637. This remuneration includes current salaries in the amount of EUR 1,829,727 and other benefits of EUR 2,813,910 for the financial year ended December 31, 2016.



## ***Supervisory Board***

### ***Current Composition of the Supervisory Board***

The current composition of the Supervisory Board is regulated in our Articles of Association. Pursuant to Article 10 (1) of the Articles of Association, the Supervisory Board consists of six members, all of whom are representatives of the shareholders. In accordance with Article 12 (1) of the Articles of Association, the Supervisory Board elects one chairman of the Supervisory Board and one deputy chairman of the Supervisory Board from amongst its members for the duration of their term of office. In the event the chairman of the Supervisory Board and/or deputy chairman of the Supervisory Board retire during their electoral term, the Supervisory Board shall promptly conduct a new election for the remaining term of office of the retired member.

According to Article 10 (2) of the Articles of Association, insofar as the shareholders' meeting does not stipulate otherwise, the members of the Supervisory Board are elected for the term ending upon conclusion of the shareholders' meeting at which the Supervisory Board is discharged of its duties for the fourth financial year following commencement of the term of office. The financial year in which the term of office commences is not counted. Reelection is admissible and the election of substitute members is permitted.

In accordance with Article 11 (1) of the Articles of Association, each member of the Supervisory Board may resign by serving a written statement to the chairman of the Supervisory Board or to the Management Board at a one months' notice. The Supervisory Board may grant an exemption from compliance with the notice period.

Pursuant to Article 17 of the Articles of Association, the Supervisory Board issues its rules of procedure within the scope of the legal provisions and the provisions set forth under the Articles of Association. The Supervisory Board has adopted rules of procedure for the Supervisory Board by resolution passed on July 4, 2005.

In accordance with Article 14 (2) of the Articles of Association, a quorum of the Supervisory Board will exist if at least half of the members participate in the resolution. Pursuant to Article 14 (3) of the Articles of Associations, resolutions are adopted on the basis of a simple majority of the votes of the participating members of the Supervisory Board. In an event of deadlock, the vote of the chairman of the Supervisory Board does not have the casting vote.

Pursuant to Article 16 of the Articles of Association, the Supervisory Board is authorized to set up supervisory board committees from among its members and to stipulate their duties and responsibilities in rules of procedures. The supervisory board committees may, to the extent legally permissible, be delegated with decision-making powers of the Supervisory Board. A supervisory board committee has a quorum if at least three of its members participate in the resolution.

The Supervisory Board is authorized to make amendments to the Articles of Association pursuant to Article 26 of the Articles of Association.

### ***Members of the Supervisory Board***

The Supervisory Board of Nordex SE currently consists of the following individuals:

<b><u>Name</u></b>	<b><u>Age</u></b>	<b><u>Position</u></b>
Dr Wolfgang Ziebart . . . . .	67	Chairman; Chairman of the Executive Committee and Member of the Strategy and Technology Committee
Juan Muro-Lara . . . . .	50	Deputy Chairman; Member of the Executive Committee and Audit Committee
Jan Klatten . . . . .	63	Member; Chairman of the Strategy and Technology Committee and Member of the Executive Committee. Managing Shareholder of momentum Beteiligungsgesellschaft mbH
Connie Hedegaard . . . . .	57	Member; Member of the Audit Committee. Chairperson of the OECD Round Table on Sustainable Development
Rafael Mateo . . . . .	58	Member; Strategy and Technology Committee. CEO Acciona Energía S.A.U.
Martin Rey . . . . .	60	Member; Chairman of the Audit Committee. Lawyer and managing shareholder of Maroban GmbH and Babcock&Brown GmbH

The members of the Supervisory Board can be contacted at the Company's business address: Langenhorner Chaussee 600, 22419 Hamburg, Germany.

The following description provides summaries of the *curricula vitae* of the current members of the Supervisory Board and indicates their principal activities outside the Group to the extent those activities are significant with respect to the Company.

*Dr Wolfgang Ziebart*, Chairman of the Supervisory Board, Chairman of the Executive Committee and member of the Strategy and Technology Committee. Dr Ziebart is currently self-employed and was previously the director of group engineering at Jaguar Land Rover Automotive until April 2015. Dr Ziebart began his career at BMW AG in 1977, assuming numerous positions and ultimately advancing to management board member responsible for development and procurement. In 2000, he was appointed to the management board of Continental AG, where he was initially responsible for the company's brake and electronics business and later advanced to become deputy chairman of the management board. Between 2004 and 2008, Dr Ziebart was CEO at Infineon AG, where his responsibilities included overseeing the spin-off of the company's memory chip business. Dr Ziebart graduated from the Technical University of Munich in mechanical engineering, where he later received his doctorate in the subject.

*Juan Muro-Lara*, Deputy Chairman of the Supervisory Board and member of the Executive Committee and Audit Committee. Mr Muro-Lara is currently Head of Corporate Development & Investor Relations at Acciona S.A. and began his career working in accounting for Banco de España between 1990 and 1992. He then went on to join the Investment Bank UBS, working at its London and Madrid offices before being appointed to the role of executive director. In 2005, he assumed his current position at Acciona Group. Mr Muro-Lara graduated from the Colegio Universitario de Estudios Financieros in business administration and management. Mr Muro-Lara is also a member of the supervisory boards of the following Spanish companies: Compañía Trasmediterranea S.A.; Acciona Energía Internacional S.A.; Hijos de Antonio Barcelo S.A.; Acciona Global Renewables S.A.; Bestinver Pensiones Entidad Gestora de Fondos de Pensiones S.A.; and Bestinver Sociedad de Valores S.A.

*Jan Klatten*, member of the Supervisory Board, Chairman of the Strategy and Technology Committee and member of the Executive Committee, and Managing Shareholder of momentum Beteiligungsgesellschaft mbH. Mr Klatten is managing director of a number of his own business which he has set up since 1991, including momentum Beteiligungsgesellschaft mbH, momentum infra 4 Verwaltungs GmbH and Ventus Fonds Verwaltungs GmbH. Prior to this, Mr Klatten previously held various positions in the automotive industry over a period of 15 years. Mr Klatten studied marine engineering at the University of Hamburg and business administration at the MIT Sloan School of Management.

*Connie Hedegaard*, member of the Supervisory Body and member of the Audit Committee. Connie Hedegaard is currently chairperson of the OECD Round Table on Sustainable Development and has also chaired the KR Foundation, an international environmental organization, since 2015. Ms. Hedegaard serves on the board of Danfoss and is a member of VW's sustainability board. In February 2017, Ms Hedegaard became a member of the management board of Aarhus University and began to chair the Administrative Council of CONCITO, a Copenhagen-based think tank working in the field of greenhouse gas reduction. She was previously a member of the Danish Parliament between 1984 and 1990 and between 2005 and 2010, and also served as Danish Minister for the Environment (2004-2007), and Minister of Climate and Energy (2007-2009). From 2010 to 2014 she was the European Commissioner for Climate Action. Ms Hedegaard has a Master of Science degree in history and literature.

*Rafael Mateo*, member of the Supervisory Board and member of the Strategy and Technology Committee. Mr. Mateo is currently CEO of Acciona Energía S.A.U., having joined the Acciona Group in 2010 as managing director of Acciona Energía. Mr Mateo began his professional career in 1982 at the Spanish utility company Endesa, holding numerous management positions until his departure in 2009. Among these was the role of managing director of endesa Chile, which he assumed in 2005, and that of CEO of endesa latinoamerica S.A, which he assumed subsequently and held until 2009. Rafael Mateo studied Industrial Engineering at the School of Industrial Engineering of the University of Zaragoza, Spain, gaining a degree with distinction in 1982. In 1987 he went on to additionally complete a General Management Programme at the IESE Business School and, in 1995, a Management Programme at the INSEAD Business School.

*Martin Rey*, member of the Supervisory Board and Chairman of the Audit Committee. Mr Rey is currently industrial advisor for EQT Partners, Sweden and a member of the investment committee at 1ST Investmentstiftung für Personalvorsorge, Switzerland. He is a lawyer and managing shareholder of the

companies Maroban GmbH and Babcock&Brown GmbH, both based in Traunstein. Mr Rey also serves on the board of Kommunalkredit Austria AG where he is chairman of the audit committee of and is a member of the board of BayWa r.e U.S. LLC. Mr Rey began his career at Bayerische Vereinsbank AG (formerly Bayerische Hypo- und Vereinsbank AG), where he held numerous management positions, most recently that of member of the group executive management board. Thereafter, Mr Rey was appointed member of the board of directors, responsible for the European region, at Sydney-based global investment and consulting company Babcock&Brown. He was also a member of the board at Knight Infrastructure B.V. and the chairman of Sword Infrastructure I B.V., a board member of Brisa AutoEstradas de Portugal S.A., the chairman of Renesco Renewable Energy Concepts AG, a board member of debis AirFinance B.V. and deputy chairman of the export credit agency AKA Ausfuhrkredit-Gesellschaft mbH. Mr Rey has a degree in law from Bonn University.

### *Supervisory Board Committees*

The Supervisory Board has established and currently maintains an audit committee (the “**Audit Committee**”), an executive committee (the “**Executive Committee**”) and a strategy and technology committee (the “**Strategy and Technology Committee**”).

#### *Audit Committee*

The Audit Committee supervises our accounting, the effectiveness of our internal monitoring and revision systems, the audit of our annual accounts and the appointment of a certified independent auditor and the approval of its services. The Audit Committee is currently formed of three members of the Supervisory Board. At least one of the members must be an independent member of the Supervisory Board and have accounting or audit expertise. On the date of this Company Report, the members of the Audit Committee are Mr Martin Rey (chairman of the Audit Committee), Mrs Connie Hedegaard and Mr Juan Muro-Lara. In addition, the Audit Committee can approve certain resolutions concerning the approval of Projects which, by law, the Articles of Association or pursuant to the rules of procedure, require the prior consent of the Supervisory Board unless a resolution of the entire Supervisory Board is necessary. Further powers and responsibilities may be conferred on the Audit Committee by a decision of the Supervisory Board.

#### *Executive Committee*

The Executive Committee advises on questions concerning the terms of service or employment (including the terms of appointment, remuneration or termination) of any member of the Management Board.

In addition, the Executive Committee can approve certain resolutions concerning matters which, by law, the Articles of Association or pursuant to the rules of procedure for the Management Board, require the prior consent of the Supervisory Board unless a resolution of the entire Supervisory Board is necessary. Further powers and responsibilities may be conferred on the Executive Committee by a decision of the Supervisory Board.

The Executive Committee is currently formed of three members of the Supervisory Board. On the date of this Company Report, the members of the *Executive Committee* are Dr Wolfgang Ziebart (chairman of the Executive Committee), Mr Jan Klatten, and Mr Juan Muro-Lara.

#### *Strategy and Technology Committee*

The Strategy and Technology Committee supervises strategic and technological matters. This includes all issues relevant to Nordex SE with regard to its planning, business development, risk situation and risk management and any deviations of the course of business from the set planning and targets.

The main objective and responsibility of the Strategy and Technology Committee is the granting of general advice on legal transactions, actions, measures to the Supervisory Board which fall into the scope of the matters conferred to the Strategy and Technology Committee under the internal rules of the Supervisory Board and the internal rules of the SIC Committee. Further powers and responsibilities may be conferred on the Strategy and Technology Committee by a decision of the Supervisory Board.

The Strategy and Technology Committee is currently formed of three members of the Supervisory Board, as of the date of this Company Report. The members of the Strategy and Technology Committee are Mr Jan Klatten (chairman of the Strategy And Technology Committee), Mr Rafael Mateo and Dr Wolfgang Ziebart.

### ***Remuneration of the Supervisory Board***

The total remuneration of the Supervisory Board for the financial year ended December 31, 2016 amounted to EUR 270,750.

## PRINCIPAL SHAREHOLDERS

Nordex SE is a publicly listed European stock corporation (*Societas Europaea*) incorporated under the laws of Germany. It is registered with the commercial register of the local court (*Amtsgericht*) of Rostock under registration number HRB 11500. As of December 31, 2017, Nordex SE had a subscribed capital of EUR 96,982,447. It is the strategic management holding company of the Group, providing management services in the areas of, among others, finance, IT, communications, legal and insurance matters and human resources to Group companies. Our operating business is principally carried out by our consolidated subsidiaries, Nordex Energy GmbH and Acciona Windpower S.A., and their direct subsidiaries.

As of December 31, 2017, 96,982,447 shares, representing all of our ordinary shares, were listed on the Frankfurt Stock Exchange (and included in the German TecDAX), and our free float, in line with Deutsche Börse AG's definition, amounted to approximately 64.39 per cent. As of December 31, 2017, our principal strategic shareholders were Acciona S.A. (with a 29.9 per cent. shareholding) and Skion GmbH / momentum capital Vermögensverwaltungsgesellschaft mbH (with a 5.71 per cent. shareholding).

In addition, our Chief Executive Officer, José Luis Blanco, and the chairman of the Supervisory Board, Dr Wolfgang Ziebart directly own, 5,750 and 10,000 shares, respectively, in the Company.



## RELATED PARTY TRANSACTIONS

As of September 30, 2017, Acciona S.A. held a 29.9 per cent. share in Nordex, accordingly, Nordex is an associated company of Acciona S.A.

During the financial year ended December 31, 2016, Acciona Energía S.A. secured two contracts in Australia and Mexico to deliver and assemble wind turbine systems.

The balances and transaction with companies from the Acciona group are set out in the following table:

<b>EUR thousand</b>	<b>Balances outstanding Receivables (+)/liabilities (-)</b>		<b>Transaction amount Income (+) / expense(-)</b>	
	As of September 30, 2017	As of December 31, 2016	As of September 30, 2017	As of September 30, 2016
Acciona Energía Chile S.A. ....	16,171/-16,175	0/-4	0/0	0/0
Acciona Energía S.A. ....	1,359/-1,443	1,674/-4,286	1,437/-47	360/-1,626
Acciona Energía Servicios Mexico S. de R.L. de C.V. ....	78,874/-45,154	104/-12	78,268/0	0/0
Acciona Energy Canada Global Inc. ....	1,722/0	10/0	0/0	0/0
Acciona Energy Global Poland Sp. Z o. o. ....	383/0	42/-6	283/-6	0/0
Acciona Energy Oceania Construction Pty Ltd. ..	37,714/-25,858	0/0	37,412/-2	0/0
Acciona Energy USA Global LLC ....	0/0	195/-268	27,415/0	0/0
Acciona Facility Services S.A. ....	11/-993	15/-320	0/0	6/-1,392
Acciona S.A. ....	1,698/-2,889	0/-1,692	0/0	0/-446
Ceolica Hispania S.L. ....	0/-302	16/-302	0/0	0/0
Consorcio Eolico Chiripa S.A. ....	687/-329	737/-352	0/0	0/0
Oakleaf Investment Holding 86 Pty. Ltd. ....	568/0	572/0	0/0	0/0
Sun Photo Voltaic Energy India Pvt. Ltd. ....	1,128/0	0/0	5,490/0	14,363/0
Valdivia Energy Eolica S.A. ....	409/0	374/0	13/0	1/0
Other ....	244/-1,066	448/-2,852	0/-199	30,893/-1,265

(1) Column refers to transactions between Acciona Windpower and companies within the Acciona group in the period from April 1, 2016 to September 31, 2016.

During the nine months ended September 30, 2017, two contracts to deliver and assemble wind power systems in Australia and Mexico, amounting to EUR 47,997,000 were won by Acciona Energía S.A.

As of September 30, 2017, Nordex holds a 75 per cent. interest in Natcon7 GmbH, making it a non-consolidated affiliated company.

Since 2014, Jan Klatten, a member of Nordex's Supervisory Board, has held a 44.20 per cent. share of the Polish wind farm company C&C Wind Sp. Zo o.o. via momentum infra 1 GmbH, a company of which he is also Managing Director. The share was acquired by momentum infra 1 GmbH as the most successful bidder in a market-wide tender process. The majority of shares held in momentum infra 1 GmbH are held by momentum-capital verwaltungsgesellschaft mbH. As of September 30, 2017, Nordex also holds 40 per cent. of the capital in C&C Wind Sp. Z o.o. via Nordex Windpark Beteiligung GmbH, and it is therefore classed as an associated company. There are no business transactions between Mr Klatten and momentum infra 1 GmbH.

In addition, Nordex has a 38.89 per cent. shareholding in KINK Wind GmbH, and a 30 per cent. shareholding in GN Renewable Investments S.à.r.l. as of September 30, 2017, making both of these companies associated companies.

The balances and transactions with these associated companies are set out in the below table:

<b>EUR thousand</b>	<b>Balances outstanding</b>		<b>Transaction amount</b>	
	<b>Receivables (+)/liabilities (-)</b>		<b>Income (+) / expense(-)</b>	
	As of September 30, 2017	As of December 31, 2016	As of September 30, 2017	As of September 30, 2016
Natcon7 GmbH .....	0/-1,627	2,354/-3,626	491/-7,746	540/-9,293
C&C Wind Sp. Z o.o. ....	0/0	0/0	496/-447	701/-1,046
GN Renewable Investments S.à.r.l. ....	3,046/0	3,032/0	14/-49	29/-1,732
KNK Wind GmbH .....	0/0	0/0	143/-391	185/0

Our business relations with Natcon7 GmbH are in connection with systems for decentralized energy production, while those with C&C Wind Sp. Z o.o. and GN Renewable Investments S.à.r.l. arise out of our Project business. Our business relations with KNK Wind GmbH relate mainly to a loan.

## DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

*The following summary of the material terms of certain financing arrangements to which we and certain of our subsidiaries are party, and the expected material terms of certain financing arrangements to which we and certain of our subsidiaries intend to become a party, does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents. For further information regarding our existing indebtedness and these financing arrangements, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”*

In this section, the term “**MGF Group**” means Nordex SE and its Subsidiaries (as defined in the MGF Agreement (as defined below)).

### **Multicurrency Guarantee Facility Agreement**

On December 15, 2015, Nordex and certain subsidiaries as borrowers (the “**MGF Borrowers**”, see below for further details of the subsidiary borrowers) and certain subsidiaries as guarantors (the “**MGF Guarantors**”, see below for further details of the guarantor entities) entered into the existing Multicurrency Guarantee Facility Agreement, providing for a credit facility providing in an aggregate amount EUR 950 million (the “**Existing MGF Agreement**” and the “**MGF**”, respectively). The MGF was increased to EUR 1,210 million following the AWP Merger on April 1, 2016. We amended the Existing MGF Agreement on December 5, 2017 by adjusting our financial covenant levels, reduce certain baskets and adjust the pricing of the facility (the “**Amended MGF Agreement**” and, together with the Existing MGF Agreement, the “**MGF Agreement**”).

The MGF Agreement provides us with liquidity by way of bank guarantees, and provides for ancillary facilities including overdrafts, short term loans or letters of credit.

The MGF may be utilized by the MGF Borrowers and will mature on December 15, 2020. The MGF Agreement includes an extension mechanism whereby the maturity date can be extended by four months provided that lenders’ representing 90 per cent. of the commitments agree to such extension. The MGF may be used for the drawing of liquidity by way of bank guarantees in multiple currencies including euros, United States dollars, pounds sterling, Swiss francs, Japanese yen, Danish krone, Norwegian krone, Swedish krona, New Zealand dollars, Polish zloty, Turkish lira, Australian dollars, South African rand and Canadian dollars. Any facility made available under the MGF Agreement must be repaid by December 15, 2020.

As of September 30, 2017, EUR 510.7 million of the MGF in the form of guarantees, plus an additional EUR 36.1 million in cash drawings has been utilized.

### ***Borrowers***

Nordex SE, its subsidiaries Nordex Energy GmbH, Nordex Windpark Beteiligung GmbH, Nordex France, SAS, Nordex Italia S.r.l, Nordex UK Limited, Nordex USA, Inc., Nordex Energy B.V., Nordex Energy Ibérica S.A., and Nordex Energy Romania S.R.L., are borrowers under the MGF Agreement.

### ***Fees***

Nordex SE is required to pay a commitment fee on the available but undrawn commitments under the MGF Agreement at a rate of 35 per cent. of the then applicable bank guarantee fee rate margin for the applicable period.

Upon utilization of the bank guarantees under the MGF Agreement, Nordex SE is required to pay fronting fees and bank guarantee fees on the outstanding amount of each bank guarantee requested by the relevant MGF Borrower from the issue date of such bank guarantee until its expiry date. The bank guarantee fee rate is 1.40 per cent. per annum under the Existing MGF Agreement, but subject to changes in leverage can decrease to either 0.8 or 1.0 per cent. per annum or increase to 1.9 per cent. per annum. The bank guarantee fee rate remains 1.40 per cent. per annum under the Amended MGF Agreement. Depending on changes in leverage, the bank guarantee fee rate may increase to 1.90, 2.50, 3.00, 3.50 or may decrease to 1.00 under the Amended MGF Agreement.

Nordex SE is also required to pay customary fees in relation to the drawing of ancillary facilities under the MGF Agreement and certain agency fees to the Agent under the MGF Agreement, up-front fees and handling fees. Interest on any ancillary facility shall be determined by agreement between the relevant ancillary lender and the relevant MGF Borrower.

An amendment fee at a rate of 0.25 per cent. and early bird fee of an additional 0.05 per cent. for consent to the amendments that was given by no later than one week before the applicable consent deadline set by Nordex SE was paid in connection with the Amended MGF Agreement.

### ***Guarantees***

The MGF is guaranteed, subject to certain limitations due to applicable corporate law provisions and contractual provisions, by the MGF Guarantors, being Nordex SE, Nordex Energy GmbH, Nordex Windpark Beteiligung GmbH, Nordex France, SAS, Nordex Italia S.r.l, Nordex UK Limited, Nordex USA, Inc., Nordex Energy B.V., Nordex Energy Ibérica S.A., Nordex Energy Romania S.R.L., Nordex Hellas Monoprosopi EPE, Nordex Enerji A.Ş., Nordex Offshore GmbH, Nordex USA Management LLC, Nordex Sverige AB, Nordex (Chile) SpA, NordexEnergy Uruguay S.A., Nordex Energy South Africa (RF) Proprietary Limited, Nordex Singapore Equipment Private Limited, Nordex Singapore Service Private Limited, Acciona Windpower Brasil – Comércio e Industria de Equipamentos Eólicos Ltda., Acciona Windpower México, S. de R.L. de C.V., Acciona Windpower South Africa Proprietary Limited, Acciona Windpower S.A. and Acciona Blades S.A. Acciona Windpower International S.L. becomes an additional guarantor pursuant to the Amended MGF Agreement within 90 days after the date of the Amended MGF Agreement.

The MGF Guarantors guarantee to pay all principal, interest, costs, expenses or other amounts under or in connection with the relevant finance documents that have not been fully and irrevocably paid by an MGF Borrower, and also indemnify the syndicate of lenders against any cost, liability or loss suffered if any obligation of an MGF Borrower becomes unenforceable, illegal or invalid.

The Existing MGF Agreement further required that, at all times, the aggregate earnings before interest, tax, depreciation and amortization (calculated on an aggregate basis) of the MGF Guarantors and the aggregate of the tangible assets of the MGF Guarantors (in each case calculated on an unconsolidated basis and as evidenced by the quarterly financial statements) represent not less than 80 per cent (increasing to 85 per cent under the Amended MGF Agreement) of the aggregate earnings before interest, tax, depreciation and amortization and aggregate tangible assets of the MGF Group (excluding any subsidiaries incorporated in China and, additionally under the Amended MGF Agreement, India and Pakistan) (the “**Guarantor Threshold**”). Under the MGF Agreement, in 2018 the Guarantor Threshold shall be computed only on the basis of the aggregate of tangible assets of the MGF Guarantors. Additional MGF Guarantors can accede to the MGF Agreement in order to comply with this covenant.

### ***Voluntary Cancellation and Prepayment, and Mandatory Prepayment***

Nordex SE may, upon not less than 10 days prior notice to the Agent under the MGF Agreement, cancel the whole or any part (being a minimum amount of EUR 5,000,000) of the MGF Agreement. Any such cancellation will reduce the commitments of the lenders under the MGF Agreement ratably.

In addition to voluntary cancellation, the MGF Agreement requires mandatory prepayment and cancellation, as the case may be:

- if, in any applicable jurisdiction, it is or becomes unlawful for any lender to perform any of its obligations under the MGF Agreement or to fund, issue or maintain its participation in the MGF Agreement, or if it becomes unlawful for any issuing bank to issue or leave outstanding any bank guarantee;
- if any lender becomes a defaulting lender; or
- upon the occurrence of a change of control in respect of Nordex SE or the sale of all or substantially all of the assets of the MGF Group, whether in a single transaction or in a series of related transactions.

Nordex SE may also elect to repay outstanding utilization and cancel any available commitments of any lender under the MGF Agreement that:

- is subject to tax gross-up;
- claims a tax indemnity or for increased costs, and replace the affected lender; or
- (in relation to amounts payable by obligors incorporated in France or Italy) is not or will not be treated as a deductible charge or expense for French or Italian tax purposes (respectively), by reason of such amounts being paid to a lender incorporated, domiciled, established or acting through a facility office

situated in a Non-Cooperating Jurisdiction<sup>1</sup> or paid to an account opened in the name of or for the benefit of that lender in a financial institution situated in a Non-Cooperating Jurisdiction.

### ***Financial Covenant***

The MGF Agreement requires Nordex SE to comply with (i) a consolidated net leverage covenant (the definition of borrowings under the MGF Agreement includes the prepayments received from customers to offset the amount of cash on balance sheet represented by such prepayments for the net leverage calculation) not exceeding 2.75x from and including the testing date falling on December 31, 2017, ratcheting up to 6.50x from and including the testing date falling on December 31, 2018 and ratcheting down to 2.75x to the testing date falling on December 31, 2020; (ii) a consolidated net interest expenditure covenant not less than 4.00x from and including the testing date falling on December 31, 2017, ratcheting down to 0.9x from and including the testing date falling on December 31, 2018 and ratcheting up to 3.00x to the testing date falling on December 31, 2020; and (iii) a net equity to total assets ratio of the MGF Group (as set out in Nordex SE's consolidated financial statements) (less cash at hand) of not less than 27.5 per cent. These financial covenants are tested by reference to the compliance certificate provided by Nordex SE in accordance with the information covenants under the MGF Agreement or by reference to the consolidated financial statements of Nordex SE, as applicable.

### ***General Undertakings***

The MGF Borrowers and the MGF Guarantors (as applicable) are subject to certain restrictive and, as the case may be, affirmative covenants under the MGF Agreement customary for this type of financing, which, in turn are subject to specified exceptions and qualifications (customized to Nordex SE's business and adjusted to its current credit standings).

Additionally, under the MGF Agreement, Nordex SE has the obligation to provide certain financial information and other information regarding its financial condition, business, assets and operations to the lenders.

### ***Events of Default***

The MGF Agreement contains certain events of default that are customary for such type of financing. The occurrence of any such event of default would, subject to any applicable grace periods or cure rights or agreed exceptions, entitle the lenders to cancel the commitments and accelerate all amounts (together with accrued interest) accrued or outstanding under the MGF Agreement and declare that cash cover in respect of each guarantee which is outstanding is immediately due and payable.

### ***Most favored lender***

The MGF Agreement contains a covenant whereby Nordex SE must ensure that the covenants given under the Amended EIB Finance Contract (described below) are no more favorable to EIB (as defined below) as a creditor than the corresponding provisions under the MGF Agreement.

### **EIB Finance Contract**

On April 22, 2014, Nordex Energy GmbH, as borrower (the “**EIB Borrower**”), and Nordex SE and various subsidiaries as original guarantors (the “**Original EIB Guarantors**”) entered into a Finance Contract with the European Investment Bank (“**EIB**”) as lender (as amended and restated on December 16, 2015, the “**EIB Finance Contract**”).

Under an Amendment Agreement No. 1 relating to the EIB Finance Contract dated December 16, 2015 Nordex Singapore Equipment Private Limited and Nordex Singapore Service Private Limited acceded to the EIB Finance Contract as additional guarantors. Acciona Windpower Brasil – Comércio e Industria de Equipamentos Eólicos Ltda., Acciona Windpower México, S. de R.L. de C.V., Acciona Windpower South Africa Proprietary Limited, Acciona Windpower S.A., and Acciona Blades S.A. became additional guarantors on June 3, 2016 (the additional guarantors mentioned before, together with the Original EIB Guarantors, the “**EIB Guarantors**”, see below for further details of the guarantor entities).

The Amended EIB Finance Contract provides a credit facility to the EIB Borrower in an aggregate amount of EUR 100 million, to be drawn in up to four tranches (the “**EIB Facility**”). We amended the EIB Finance Contract on January 12, 2018 by adjusting our financial covenant levels, reducing certain baskets and adjusting the pricing (the “**Amended EIB Finance Contract**”).

<sup>1</sup> As defined under the relevant French or Italian law, as further set out in the MGF Agreement.



As of September 30, 2017, the current and non-current utilized amount plus accrued interest of the EIB Facility amounted to EUR 78.2 million.

Amounts drawn under the Amended EIB Finance Contract are repayable in installments on a quarterly, semi-annual or annual basis as specified in the relevant disbursement notice.

### ***Interest and Fees***

The EIB Facility bears interest, which includes a margin of 1.94 per cent., payable quarterly, semi-annually or annually in arrears as specified in the relevant drawdown notice. Upon occurrence of a market disruption event, there are provisions in the Amended EIB Finance Contract whereby the interest rate will increase.

The EIB Borrower was required to pay or to cause to be paid an upfront fee of 0.50 per cent. of the total commitment within five days from the execution of the EIB Finance Contract. In addition, the Amended EIB Finance Contract required the EIB Borrower to pay a non-utilization fee for undrawn and uncanceled commitments on the 15<sup>th</sup> day of the months January, April, July and October of each calendar year during the availability period and at the end of the availability period or, if the undrawn commitments were cancelled in full before the end of the availability period, on the date of the cancellation.

An amendment fee of EUR 195,312.5 has been paid in connection with the Amended EIB Finance Contract.

### ***Guarantors***

The EIB Facility is guaranteed, subject to certain limitations due to applicable corporate law provisions and contractual provisions, by the EIB Guarantors, being Nordex SE, Nordex Energy GmbH, Nordex Windpark Beteiligung GmbH, Nordex UK Limited, Nordex USA, Inc., Nordex Energy B.V., Nordex Energy Ibérica S.A., Nordex Energy South Africa (RF) Proprietary Limited, Nordex Hellas Monoprosopi EPE, Nordex Enerji A.Ş., Nordex Offshore GmbH, Nordex USA Management LLC, Nordex Sverige AB, Nordex (Chile) SpA, NordexEnergy Uruguay S.A., Nordex Singapore Equipment Private Limited, Nordex Singapore Service Private Limited, Acciona Windpower Brasil – Comércio e Industria de Equipamentos Eólicos Ltda., Acciona Windpower México, S. de R.L. de C.V., Acciona Windpower South Africa Proprietary Limited., Acciona Windpower S.A. and Acciona Blades S.A. Acciona Windpower International S.L. becomes an additional guarantor pursuant to the Amended EIB Finance Contract within 90 days after the date of the Amended EIB Finance Contract.

Each of the EIB Guarantors guarantees to pay all principal, interest, costs, expenses or other amounts under or in connection the relevant finance documents that have not been fully and irrevocably paid by the EIB Borrower, and also indemnifies EIB against any cost, liability or loss suffered if any obligation of the EIB Borrower or any obligation guaranteed by it becomes unenforceable, illegal or invalid.

The EIB Finance Contract further requires that, at all times, the aggregate earnings before interest, tax, depreciation and amortization (calculated on an aggregate basis) of the EIB Guarantors and the aggregate of the tangible assets of the EIB Guarantors (in each case calculated on an unconsolidated basis and as evidenced by the quarterly financial statements) represent not less than 80 per cent., (increasing to 85 per cent under the Amended EIB Finance Contract), of the aggregate earnings before interest, tax, depreciation and amortization and aggregate tangible assets of the MGF Group (excluding any subsidiaries incorporated in China and, additionally under the Amended EIB Finance Contract, India and Pakistan) (the “**EIB Guarantor Threshold**”). Under the Amended EIB Finance Contract, in 2018 the EIB Guarantor Threshold shall be computed only on the basis of the aggregate of tangible assets of the EIB Guarantors. Additional guarantors can accede to the Amended EIB Finance Contract in order to comply with this covenant.

### ***Voluntary Cancellation and Prepayment, and Mandatory Prepayment***

The EIB Borrower may, at any time by notice in writing to EIB, voluntarily cancel (in whole or in part and with immediate effect) any undrawn commitment under the Amended EIB Finance Contract. The EIB Borrower may also voluntarily prepay all or part of the loans (together with accrued interest and indemnity amounts) by giving one month's written notice to EIB.

EIB may, at any time by notice in writing to the EIB Borrower, suspend or cancel (in whole or in part and with immediate effect) any undrawn commitment under the Amended EIB Finance Contract upon the occurrence of a prepayment event, an event of default or an event or circumstance which would constitute a prepayment event or an event of default.

In addition to the voluntary prepayment and cancellation scenarios, the Amended EIB Finance Contract requires mandatory prepayment and cancellation, as the case may be:

- if Nordex Energy GmbH or any other member of the group voluntarily prepays, repurchases or cancels any other indebtedness;
- if Nordex SE fails to provide evidence in form and substance satisfactory to EIB to the full refinancing of the Multicurrency Guarantee Facility (and the proportion of the Amended EIB Finance Contract to be prepaid shall be the same as the proportion that was prepaid on the non-EIB financing);
- upon the occurrence of a change of control event (as defined in the Amended EIB Finance Contract) in respect of Nordex SE, the EIB Borrower, any EIB Guarantor or a material company, a sale of all or substantially all of the assets of the group or a flotation;
- upon a change in law which, in the reasonable opinion of EIB, would materially impair the ability of the EIB Borrower or any EIB Guarantor to perform its obligations under the finance documents if the effects of such change, in the reasonable opinion of EIB, cannot be mitigated to its satisfaction; or
- if it becomes unlawful for EIB to perform its obligations under the Amended EIB Finance Contract or to fund or maintain any loan.

### ***Indemnities***

Certain prepayment and cancellation events attract indemnity payments which the EIB Borrower has to make to EIB. The amount of indemnity payable by the EIB Borrower depends on the circumstances of the prepayment or cancellation.

### ***Financial Covenant***

The Amended EIB Finance Contract requires Nordex SE to comply with (i) a consolidated net leverage covenant (the definition of borrowings under the EIB Finance Contract includes the prepayments received from customers to offset the amount of cash on balance sheet represented by such prepayments for the net leverage calculation) not exceeding 2.75x from and including the testing date falling on December 31, 2017, ratcheting up to 6.50x from and including the testing date falling on December 31, 2018 and ratcheting down to 2.75x to the testing date falling on December 31, 2020; (ii) a consolidated net interest expenditure covenant not less than 4.00x from and including the testing date falling on December 31, 2017, ratcheting down to 0.9x from and including the testing date falling on December 31, 2018 and ratcheting up to 3.00x to the testing date falling on December 31, 2020; and (iii) a net equity to total assets ratio of the MGF Group (as set out in Nordex SE's consolidated financial statements) (less cash at hand) of not less than 27.5 per cent. These financial covenants are tested by reference to the compliance certificate provided by Nordex SE in accordance with the information covenants under the Amended EIB Finance Contract or by reference to the consolidated financial statements of Nordex SE, as applicable.

### ***General Undertakings***

The EIB Borrower and the EIB Guarantors (as applicable) are subject to certain restrictive and, as the case may be, affirmative covenants under the Amended EIB Finance Contract customary for this type of financing, which, in turn are subject to specified exceptions and qualifications (customized to Nordex SE's business and adjusted to its current credit standings). In addition, Nordex SE undertakes not to amend the terms of the Multicurrency Guarantee Facility in a manner that could be reasonably expected to have an adverse effect on the interests of EIB, without the prior written consent of EIB.

Additionally, under the Amended EIB Finance Contract, Nordex SE has the obligation to provide certain financial information and other information regarding its financial condition, business, assets and operations to EIB.

### ***Events of Default***

The Amended EIB Finance Contract contains certain events of default that are customary for such type of financing. The occurrence of any such event of default would, subject to any applicable grace periods or cure rights or agreed exceptions, entitle EIB to demand that the EIB Borrower repay all or part of the drawn amounts under the Amended EIB Finance Contract, together with accrued interest and all other accrued and outstanding amounts.

Additionally, the EIB Borrower may have to make an indemnity payment on any amount of principal due to be prepaid following an event of default.

### ***Most favored lender***

The Amended EIB Finance Contract contains a covenant whereby Nordex SE must ensure that the covenants given in any credit agreement, credit instrument or other financing agreements (including, without limitation, the MGF Agreement) are no more favorable to any other creditor than the corresponding provisions under the Amended EIB Finance Contract.

### **Schuldscheindarlehen**

On March 29, 2016, Nordex SE as borrower and Nordex Energy GmbH as guarantor (the “**Schuldscheine Guarantor**”) entered into multiple loan agreements (*Schuldscheindarlehensverträge*, together the “**Schuldscheindarlehen**”).

The Schuldscheindarlehen provide loans to Nordex SE in a total aggregate amount of EUR 550 million. As of September 30, 2017, the current and non-current utilized amount plus accrued interest of the Schuldscheindarlehen was EUR 553.6 million.

In total, there are nine Schuldscheindarlehen with either a fixed or floating rates of interest, as follows:

<b>Principal Amount EUR</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	
43,500,000	Fixed: 1.50 per cent. per annum	April 8, 2019	Together, the “ <b>3 Year Schuldscheindarlehen.</b> ”
5,000,000	Floating: 1.50 percentage points margin	April 6, 2019	
180,000,000	Floating: 1.50 percentage points margin	April 6, 2019	
75,000,000	Fixed: 1.84 per cent. per annum	April 6, 2021	Together, the “ <b>5 Year Schuldscheindarlehen.</b> ”
15,000,000	Floating: 1.80 percentage points margin	April 6, 2021	
206,000,000	Floating: 1.80 percentage points margin	April 6, 2021	
12,500,000	Fixed: 2.34 per cent. per annum	April 6, 2023	Together, the “ <b>7 Year Schuldscheindarlehen.</b> ”
6,500,000	Floating: 2.10 percentage points margin	April 6, 2023	
6,500,000	Fixed: 2.96 per cent. per annum	April 7, 2026	The “ <b>10 Year Schuldscheindarlehen.</b> ”

The aggregate principal amount due under each Schuldscheindarlehen is repayable in full on the stated maturity date of the relevant Schuldscheindarlehen.

### ***Interest***

Under the fixed interest rate Schuldscheindarlehen, Nordex SE is required to pay interest at the applicable rate annually in arrears.

Under the floating interest rate Schuldscheindarlehen, the interest rate payable is linked to a 6-month EURIBOR reference rate plus a defined margin, with a floor of zero.

Nordex SE is required to pay interest at the applicable rate semi-annually in arrears.

### ***Guarantors***

The Schuldscheine Guarantor guarantees, subject to certain limitations due to applicable corporate law provisions and contractual provisions, to pay to the relevant lender all present and future claims (whether contingent or subject to a time limit) of the lender under the Schuldscheindarlehen.

The Schuldscheine Guarantor’s liability is limited to the extent that payments under such guarantee would result in the Schuldscheine Guarantor not having sufficient net assets (*Reinvermögen*) to maintain its stated share capital (*Stammkapital*) or if the net assets are already less than the Schuldscheine Guarantor’s stated share capital, an increase of such shortage and thereby lead to a violation of the capital maintenance requirement set out in section 30, paragraph 1 of the German Limited Liability Companies Act (*GmbH-Gesetz*).

### ***Voluntary Cancellation and Prepayment, and Mandatory Prepayment***

In the event of a change of control, the lender under the relevant Schuldscheindarlehen is entitled to terminate the loan by not less than 14 days' written notice to Nordex SE. Upon receipt of such notice, the outstanding principal amount due under the loan, plus all interest accrued to the date fixed for prepayment, is repayable.

If a change of law occurs resulting in Nordex SE having to gross up repayments on the relevant loan due to withholding tax, Nordex SE (on giving not less than 30 days' written notice) has the option to repay (in whole or in part) the relevant loan, together with accrued interest to the date fixed for prepayment. Nordex SE also indemnifies the relevant lender for any loss incurred by the lender as a result of this premature repayment.

### ***General Undertakings***

Nordex SE is subject to certain restrictive and affirmative covenants under the Schuldscheindarlehen customary for this type of financing, which are subject to specified exceptions and qualifications (customized to its business and adjusted to its current credit standings).

Additionally, under the Schuldscheindarlehen, Nordex SE has the obligation to provide certain financial information and other information regarding its financial condition, business, assets and operations to the lenders.

### ***Events of Default***

The Schuldscheindarlehen contain certain events of default that are customary for such type of financing. The occurrence of any such event of default would, subject to any applicable grace periods or cure rights or agreed exceptions, require Nordex SE to redeem the loan and all related claims under the Schuldscheindarlehen (including accrued interest and all other accrued and outstanding amounts).

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**Nordex SE**  
**Unaudited Interim Condensed Consolidated Financial Statements as of and for the nine months ended**  
**September 30, 2017**

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 30 SEPTEMBER 2017

## **Assets**

<b>EUR thousand</b>	<b>REPORTING DATE</b>	
	<b>30.9.2017</b>	<b>31.12.2016</b>
Cash and cash equivalents .....	453,179	649,464
Trade receivables and future receivables from construction contracts .....	681,018	699,427
Inventories .....	277,812	197,478
Income tax receivables .....	13,352	8,405
Other current financial assets .....	43,229	41,210
Other current non-financial assets .....	117,649	123,157
<b>Current assets</b> .....	<b>1,586,239</b>	<b>1,719,141</b>
Property, plant and equipment .....	287,132	266,369
Goodwill .....	547,758	547,758
Capitalised R&D expense .....	214,264	219,701
Other intangible assets .....	78,873	114,615
Financial assets .....	5,247	2,425
Investments in associates .....	5,956	6,689
Other non-current financial assets .....	5,086	3,403
Other non-current non-financial assets .....	39	38
Deferred tax assets .....	101,405	114,075
<b>Non-current assets</b> .....	<b>1,245,760</b>	<b>1,275,073</b>
<b>Assets</b> .....	<b>2,831,999</b>	<b>2,994,214</b>

## Equity and liabilities

EUR thousand	REPORTING DATE	
	30.9.2017	31.12.2016
Current liabilities to banks .....	53,330	16,652
Trade payables .....	578,432	377,323
Income tax payable .....	33,181	31,526
Other current provisions .....	145,765	163,245
Other current financial liabilities .....	20,554	139,161
Other current non-financial liabilities .....	257,329	514,297
<b>Current liabilities</b> .....	<b>1,088,591</b>	<b>1,242,204</b>
Non-current liabilities to banks .....	614,522	626,673
Pensions and similar obligations .....	1,903	1,866
Other non-current provisions .....	55,540	43,564
Other non-current financial liabilities .....	2,986	3,148
Other non-current non-financial liabilities .....	980	2,197
Deferred tax liabilities .....	113,141	134,551
<b>Non-current liabilities</b> .....	<b>789,072</b>	<b>811,999</b>
Subscribed capital .....	96,982	96,982
Share premium .....	597,626	597,626
Other retained earnings .....	23,694	23,694
Cash flow hedges .....	2,984	2,187
Foreign currency adjustment item .....	-4,688	9,686
Consolidated net profit carried forward .....	209,836	209,836
Consolidated net profit .....	27,902	0
Share in equity attributable to parent company's shareholders .....	954,336	940,011
<b>Equity capital</b> .....	<b>954,336</b>	<b>940,011</b>
<b>Equity and liabilities</b> .....	<b>2,831,999</b>	<b>2,994,214</b>

# **CONSOLIDATED INCOME STATEMENT**

FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017

<b>EUR thousand</b>	<b>REPORTING PERIOD</b>			
	<b>1.1.–30.9.2017</b>	<b>1.1.–30.9.2016</b>	<b>1.7.–30.9.2017</b>	<b>1.7.–30.9.2016</b>
Sales .....	2,319,466	2,339,506	818,332	855,564
Changes in inventories and other own work capitalised .....	45,388	21,207	20,816	2,106
<b>Total revenue</b> .....	<b>2,364,854</b>	<b>2,360,713</b>	<b>839,148</b>	<b>857,670</b>
Other operating income .....	6,051	27,598	2,798	17,347
Cost of materials .....	–1,741,925	–1,788,985	–630,456	–659,107
Staff costs .....	–247,645	–205,156	–81,765	–78,518
Depreciation / amortisation .....	–118,604	–78,110	–50,482	–33,501
Other operating expenses .....	–199,409	–190,288	–65,289	–70,074
<b>Earnings before interest and taxes</b> .....	<b>63,322</b>	<b>125,772</b>	<b>13,954</b>	<b>33,817</b>
Income from investments .....	486	525	486	0
Profit / loss from equity accounting method .....	–733	–2,372	–219	–745
Other interest and similar income ....	4,602	3,924	2,102	1,504
Interest and similar expenses .....	–24,023	–25,833	–7,494	–8,435
<b>Financial result</b> .....	<b>–19,668</b>	<b>–23,756</b>	<b>–5,125</b>	<b>–7,676</b>
<b>Net profit / loss from ordinary activities</b> .....	<b>43,654</b>	<b>102,016</b>	<b>8,829</b>	<b>26,141</b>
Income tax .....	–15,752	–37,635	–3,549	–12,757
<b>Consolidated net profit</b> .....	<b>27,902</b>	<b>64,381</b>	<b>5,280</b>	<b>13,384</b>
of which attributable to parent company's shareholders ..	27,902	64,381	5,280	13,384
<b>Earnings per share (in EUR)</b>				
Basic <sup>1</sup> .....	0.29	0.70	0.05	0.15
Diluted <sup>1</sup> .....	0.29	0.70	0.05	0.15

1 based on a weighted average of 96,982 million shares (previous year: 91,380 million shares)



# **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017

<u>EUR thousand</u>	<b>REPORTING PERIOD</b>		<u>1.7.-30.9.2017</u>	<u>1.7.-30.9.2016</u>
	<u>1.1.-30.9.2017</u>	<u>1.1.-30.9.2016</u>		
<b>Consolidated net profit . . . . .</b>	<b><u>27,902</u></b>	<b><u>64,381</u></b>	<b><u>5,280</u></b>	<b><u>13,384</u></b>
Other comprehensive income				
Items that may be reclassified to profit or loss				
Foreign currency translation difference . . . . .	-14,374	601	-4,410	-1,606
Cash flow hedges . . . . .	1,174	-1,440	-6,135	-1,088
Deferred income taxes . . . . .	<u>-377</u>	<u>463</u>	<u>1,970</u>	<u>349</u>
<b>Consolidated comprehensive income . . . . .</b>	<b><u>14,325</u></b>	<b><u>64,005</u></b>	<b><u>-3,295</u></b>	<b><u>11,039</u></b>
of which attributable to parent company's shareholders . . . . .	14,325	64,005	-3,295	11,039

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017

EUR thousand	REPORTING PERIOD	
	1.1.–30.9.2017	1.1.–30.9.2016
<b>Operating activities</b>		
Consolidated net profit . . . . .	27,902	64,381
+ Depreciation / amortisation of non-current assets . . . . .	118,604	78,110
<b>= Consolidated net profit plus depreciation / amortisation . . . .</b>	<b>146,506</b>	<b>142,491</b>
+/- Increase / decrease in inventories . . . . .	-80,334	6,195
+/- Decrease / increase in trade receivables and future receivables from construction contracts . . . . .	18,409	-186,836
+ Increase in trade payables . . . . .	201,109	102,291
- Decrease in prepayments received . . . . .	-282,582	-145,214
<b>= Payments made from changes in working capital . . . . .</b>	<b>-143,398</b>	<b>-223,564</b>
+/- Decrease / increase in other assets not allocated to investing or financing activities . . . . .	24,569	-20,688
+ Increase in pensions and similar obligations . . . . .	37	0
- Decrease in other provisions . . . . .	-5,504	-42,394
+/- Decrease / increase in other liabilities not allocated to investing or financing activities . . . . .	-142,062	5,183
+/- Profit / loss from the disposal of non-current assets . . . . .	-1,500	763
- Other interest and similar income . . . . .	-4,602	-3,924
+ Interest received . . . . .	922	738
+ Interest and similar expenses . . . . .	24,023	25,833
- Interest paid . . . . .	-17,438	-29,693
+ Income tax . . . . .	15,752	37,635
- Taxes paid . . . . .	-4,536	-6,522
+/- Other non-cash expenses / income . . . . .	11,767	-998
<b>= Payments made from other operating activities . . . . .</b>	<b>-98,572</b>	<b>-34,067</b>
<b>= Cash flow from operating activities . . . . .</b>	<b>-95,464</b>	<b>-115,140</b>

EUR thousand	REPORTING PERIOD	
	1.1.–30.9.2017	1.1.–30.9.2016
<b>Investing activities</b>		
+ Payments received from the disposal of property, plant and equipment / intangible assets . . . . .	1,651	655
– Payments made for investments in property, plant and equipment / intangible assets . . . . .	–109,906	–54,796
– Payments made for the acquisition of Acciona Windpower . . . . .	0	–305,833
+ Payments received from the disposal of financial assets . . . . .	1,151	3,703
– Payments made for investments in financial assets . . . . .	–3,032	–714
<b>= Cash flow from investing activities . . . . .</b>	<b>–110,136</b>	<b>–356,985</b>
<b>Financing activities</b>		
– Costs from capital increases . . . . .	0	–737
+ Bank loans received . . . . .	33,583	603,369
– Bank loans repaid . . . . .	–12,500	–9,375
– Payments from repaying bonds . . . . .	0	–150,000
– Redemption of working capital loan . . . . .	0	–70,500
<b>= Cash flow from financing activities . . . . .</b>	<b>21,083</b>	<b>372,757</b>
<b>Change in cash and cash equivalents . . . . .</b>	<b>–184,517</b>	<b>–99,368</b>
+ Cash and cash equivalents at the beginning of the period . . . . .	649,464	528,973
+/- Exchange rate-induced change in cash and cash equivalents . . . . .	–11,768	999
<b>= Cash and cash equivalents at the end of the period (Cash and cash equivalents as per consolidated statement of financial position) . . . . .</b>	<b>453,179</b>	<b>430,604</b>

# Consolidated statement of changes in equity

	Subscribed capital EUR thousand	Share premium EUR thousand	Other retained earnings EUR thousand	Cash flow hedges EUR thousand	Foreign currency adjustment item EUR thousand	Consolidated net profit carried forward EUR thousand	Consolidated net profit EUR thousand	Share in equity attributable to the parent company's shareholders EUR thousand	Total EUR thousand
<b>1.1.2017</b> .....	<b>96,982</b>	<b>597,626</b>	<b>23,694</b>	<b>2,187</b>	<b>9,686</b>	<b>209,836</b>	<b>0</b>	<b>940,011</b>	<b>940,011</b>
Consolidated comprehensive income .....	0	0	0	797	-14,374	0	27,902	14,325	14,325
Consolidated net profit .....	0	0	0	0	0	0	27,902	27,902	27,902
Other comprehensive income									
Items that may be reclassified to profit or loss									
Foreign currency translation difference .....	0	0	0	0	-14,374	0	0	-14,374	-14,374
Cash flow hedges .....	0	0	0	1,174	0	0	0	1,174	1,174
Deferred taxes .....	0	0	0	-377	0	0	0	-377	-377
<b>30.9.2017</b> .....	<b>96,982</b>	<b>597,626</b>	<b>23,694</b>	<b>2,984</b>	<b>-4,688</b>	<b>209,836</b>	<b>27,902</b>	<b>954,336</b>	<b>954,336</b>

# Consolidated statement of changes in equity

	Subscribed capital EUR thousand	Share premium EUR thousand	Other retained earnings EUR thousand	Cash flow hedges EUR thousand	Foreign currency adjustment item EUR thousand	Consolidated net profit carried forward EUR thousand	Consolidated net profit EUR thousand	Share in equity attributable to the parent company's shareholders EUR thousand	Total EUR thousand
<b>1.1.2016</b> .....	<b>80.882</b>	<b>229.114</b>	<b>-10.961</b>	<b>1.730</b>	<b>5.651</b>	<b>149.181</b>	<b>0</b>	<b>455.597</b>	<b>455.597</b>
Capital increase									
Payments received from capital increase	16.100	369.012	0	0	0	0	0	385.112	385.112
Costs from capital increase	0	-737	0	0	0	0	0	-737	-737
Income tax	0	237	0	0	0	0	0	237	237
Consolidated comprehensive income	0	0	0	-977	601	0	64.381	64.005	64.005
Consolidated net profit	0	0	0	0	0	0	64.381	64.381	64.381
Other comprehensive income									
Items that may be reclassified to profit or loss									
Foreign currency translation difference	0	0	0	0	601	0	0	601	601
Cash flow hedges	0	0	0	-1.440	0	0	0	-1.440	-1.440
Deferred taxes	0	0	0	463	0	0	0	463	463
<b>30.9.2016</b> .....	<b>96.982</b>	<b>597.626</b>	<b>-10.961</b>	<b>753</b>	<b>6.252</b>	<b>149.181</b>	<b>64.381</b>	<b>904.214</b>	<b>904.214</b>



## Notes to the interim consolidated financial statements

As at 30. September 2017

### I. General

The interim consolidated financial statements of Nordex SE and its subsidiaries for the first nine months as at 30 September 2017, which have been reviewed by a statutory auditor, are prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as endorsed by the European Union. All International Financial Reporting Standards and Interpretations mandatory as at 30 September 2017, particularly IAS 34 Interim Financial Reporting, are applied.

These interim financial statements should be read in conjunction with the consolidated annual financial statements for the 2016 financial year. In the absence of any express reference to any changes, the accounting and measurement principles applied to the consolidated financial statements as at 31 December 2016 are also used in the interim financial statements as at 30 September 2017. Further information on the accounting and measurement principles applied can be found in the notes to the consolidated financial statements for 2016. The consolidated financial statements for 2016 are available online at [www.nordex-online.com](http://www.nordex-online.com) in the Investor relations section.

The business results for the first nine months of 2017 are not necessarily an indication of expected results for the year as a whole. Any irregular expenses occurring in the year are only included or deferred in the interim financial report to the extent that such inclusion or deferral would also be reasonable at the end of the year.

On 1 February 2017, Nordex Blade Technology Centre ApS, Kirkeby/Denmark, a company which develops and manufactures rotor blade moulds and holds numerous patents for production processes of these components, was consolidated for the first time. The acquisition has no major impact on the net assets, financial position and performance of the Nordex group.

The following table sets out the exchange rates against the euro of the group's most important foreign currencies:

Exchange rate EUR 1.00 equals	Average exchange rates		Period-end exchange rates	
	1.1.-30.9.2017	1.1.-30.9.2016	30.9.2017	31.12.2016
ARS .....	18.0541	16.1766	20.6992	16.7898
AUD .....	1.4552	1.5013	1.5075	1.4600
BRL .....	3.5380	3.9422	3.7582	3.4336
CLP .....	728.8925	755.2851	750.9199	703.7793
GBP .....	0.8719	0.7977	0.8820	0.8570
INR .....	72.4590	74.4321	76.9000	71.2002
MXN .....	21.0213	20.2556	21.4998	21.8500
PEN .....	3.6296	3.7585	3.8580	3.5431
SEK .....	9.5796	9.3595	9.6200	9.5760
TRY .....	3.9795	3.2543	4.2075	3.7280
USD .....	1.1126	1.1126	1.1805	1.0555
UYU .....	31.6356	34.1284	34.4234	30.6937
ZAR .....	14.7251	16.6674	15.9795	14.4509

### II. Notes to the statement of financial position

#### Cash and cash equivalents

Cash and cash equivalents amount to EUR 453,179 thousand (31 December 2016: EUR 649,464 thousand), EUR 20,000 thousand of which pertains to fixed-term deposits (31 December 2016: EUR 10,000 thousand).

## Trade receivables and future receivables from construction contracts

Receivables break down as follows:

	<b>30.9.2017</b> <b>EUR thousand</b>	<b>31.12.2016</b> <b>EUR thousand</b>
Trade receivables (gross) .....	187,446	166,433
Less impairment .....	-6,240	-6,240
Trade receivables (net) .....	181,206	160,193
Future receivables from construction contracts .....	499,812	539,234
	<b><u>681,018</u></b>	<b><u>699,427</u></b>

Future receivables from construction contracts changed as follows:

	<b>30.9.2017</b> <b>EUR thousand</b>	<b>31.12.2016</b> <b>EUR thousand</b>
Accrued contract costs and pro-rated realised order profits .....	2,903,869	2,865,615
Less prepayments received .....	-2,404,057	-2,326,381
	<b><u>499,812</u></b>	<b><u>539,234</u></b>

The remaining prepayments received of EUR 90,314 thousand (31 December 2016: EUR 372,895 thousand) are reported within other current non-financial liabilities.

Retentions by customers are usually associated with punch lists not yet completed and largely refer to final payments outstanding for more than 60 days. Such retentions amount to EUR 50,495 thousand (31 December 2016: EUR 17,702 thousand).

## Inventories

Inventories break down as follows:

	<b>30.9.2017</b> <b>EUR thousand</b>	<b>31.12.2016</b> <b>EUR thousand</b>
Raw materials and supplies .....	212,175	141,261
Work in progress .....	42,763	27,594
Prepayments made .....	22,874	28,623
	<b><u>277,812</u></b>	<b><u>197,478</u></b>

The carrying amount of the inventories includes impairment adjustments of EUR 50,057 thousand (31 December 2016: EUR 53,988 thousand).

## Property, plant and equipment

Movements are set out in the statement of changes in property, plant and equipment and intangible assets.

As at 30 September 2017, capital expenditure amounted to EUR 106,149 thousand (31 December 2016: EUR 102,431 thousand), while depreciation and amortisation came to EUR 118,604 thousand (31 December 2016: EUR 116,966 thousand). In addition to own work capitalized, capital expenditure includes measures to prepare the production of new wind turbines and the expansion of production capacity at Acciona Windpower.

Additions from first-time consolidations result from the acquisition of Nordex Blade Technology Centre ApS.

## Investments in associates

Investments in associates include shares in KNK Wind GmbH, C&C Wind Sp. z o.o. and GN Renewable Investments S.á r.l. Changes in book value result from recognised losses.

## Deferred tax assets and tax liabilities

Reduced deferred tax assets and tax liabilities are mainly caused by depreciations and amortisations from the purchase price allocation due to Nordex' and Acciona Windpower's merger. Changes are further resulting from assets and liabilities which have been settled during the year and the use of tax losses.

## Liabilities to banks

The current liabilities to banks of EUR 53,330 thousand (31 December 2016: EUR 16,652 thousand) refer to current account overdrafts (EUR 36,136 thousand, 31 December 2016: EUR 0), the loan granted by the European Investment Bank including accrued interest (EUR 12,586 thousand, 31 December 2016: EUR 13,156 thousand) as well as the short-term utilisation of the Schuldschein loan (promissory note loan) including accrued interest (EUR 4,608 thousand, 31 December 2016: EUR 3,496 thousand).

On 6 April 2016, Nordex SE successfully placed a Schuldschein loan with a volume of EUR 550,000 thousand with national and international investors. The Schuldschein (promissory note) has terms of three, five, seven and ten years, each subject to fixed or variable interest. Depending on the tranche, the interest rate at the time of issue was between 1.5% and 3.0%. The non-current portion plus accrued interest amounts to EUR 548,897 thousand as at 30 September 2017 (31 December 2016: EUR 548,548 thousand).

In addition, the group has been granted a long-term research and development facility of up to EUR 100,000 thousand by the European Investment Bank. The loan has a term of eight years from the date on which it is drawn and is repaid in instalments. The borrower is Nordex Energy GmbH, with the main Nordex group companies holding joint and several liability. As at 30 September 2017, the non-current utilised part of the loan including accrued interest under this loan agreement amounts to EUR 65,625 thousand (31 December 2016: EUR 78,125 thousand).

Furthermore, the Nordex group has a syndicated multi-currency credit facility with a volume of EUR 950,000 thousand that was renewed on 15 December 2015 for another five years until 15 December 2020. In connection with the takeover of Acciona Windpower's guarantee portfolio, Nordex exercised an option to increase the facility by another EUR 260,000 thousand to EUR 1,210,000 thousand. As at 30 September 2017, EUR 510,676 thousand of the guarantee facility had been utilised (31 December 2016: EUR 734,227 thousand).

None of the financing instruments is collateralised and they are all subject to the same representations and undertakings.

## Trade payables

Trade payables rises up to EUR 578,432 thousand (31 December 2016: EUR 377,323 thousand). In 2016 under other current financial liabilities shown pending invoices are now displayed under trade payables as Acciona Windpower's pending invoices have been calculated project-specific and not any longer on a general approach.

## Other provisions

Movements in other provisions break down as follows:

	<b>1.1.2017 EUR thousand</b>	<b>Utilisation EUR thousand</b>	<b>Reversals EUR thousand</b>	<b>Additions EUR thousand</b>	<b>30.9.2017 EUR thousand</b>
Individual guarantees .....	144,594	-10,293	-395	634	134,540
Warranties, service, maintenance .....	46,150	-9,233	-3,635	20,330	53,612
Others .....	16,065	-1,645	-1,791	524	13,153
	<b>206,809</b>	<b>-21,171</b>	<b>-5,821</b>	<b>21,488</b>	<b>201,305</b>

## Other current financial liabilities

Decrease in other current financial liabilities from EUR 139,161 thousand to EUR 20,554 thousand is primary caused by showing Acciona Windpower's pending invoices under trade payables, because they are no longer calculated on a general approach, but project-specific.

## Other current non-financial liabilities

Other current non-financial liabilities comprise especially the remaining prepayments received after offsetting from future receivables from construction contracts. They have went down by EUR 282,581 thousand to EUR 90,314 thousand (31 December 2016: EUR 372,895 thousand).

## Equity

A breakdown of the changes in equity is provided in the consolidated statement of changes in equity.

## Additional disclosures on financial instruments

Pursuant to IAS 39 and IFRS 7 financial instruments are classified as follows:

Pursuant to IAS 39, **cash and cash equivalents** are classified as loans and receivables, and pursuant to IFRS 7, as financial assets, measured at (amortised) historical cost. Given the short residual terms to maturity, amortised cost would equal the fair value as in the previous year.

Pursuant to IAS 39, **trade receivables and future receivables from construction contracts** are classified as loans and receivables, and pursuant to IFRS 7, as financial assets measured at (amortised) cost. Amortised cost would equal the fair value, as in the previous year.

Pursuant to IAS 39, **receivables recognised in other current financial assets** are classified as loans and receivables, and pursuant to IFRS 7, as financial assets measured at (amortised) cost. Given the short residual terms to maturity, amortised cost amounting to EUR 31,897 thousand (31 December 2016: EUR 34,580 thousand) would equal the fair value as in the previous year.

Pursuant to IAS 39, the **forward exchange transactions (fair value hedges) reported in other current financial assets** are classified as financial assets held for trading, and pursuant to IFRS 7, as financial assets measured at fair value. The fair value amounts to EUR 2,694 thousand (31 December 2016: EUR 928 thousand). The forward rates and prices are calculated on the basis of the spot price on the reporting date in the light of any discounts or premiums for the remaining term of the contract.

The **forward exchange transactions reported in other current financial assets in the scope of hedge accounting (cash flow hedges)** are not subject to the measurement categories as per IAS 39. Pursuant to IFRS 7, they are classified as effective hedges measured at fair value. The fair value amounts to EUR 8,638 thousand (31 December 2016: EUR 5,702 thousand).

Pursuant to IAS 39, **financial assets** are classified as financial assets available for sale, and pursuant to IFRS 7, as financial assets measured at (amortised) cost. As in the previous year, the fair value cannot be determined reliably as there is no active market, therefore they are measured at cost.

Pursuant to IAS 39, **receivables recognised in other non-current financial assets** are classified as loans and receivables, and pursuant to IFRS 7, as financial assets measured at (amortised) cost; there are no forward exchange transactions. Given the fact that interest is imposed at market rate as in the previous year, amortised cost would equal the fair value.

Pursuant to IAS 39, **liabilities to banks** are classified as financial liabilities at amortised cost, and pursuant to IFRS 7, as financial liabilities measured at amortised cost. The fair value would amount to EUR 634,318 thousand (31 December 2016: EUR 648,690 thousand), of which EUR 19,771 thousand (31 December 2016: EUR 20,490 thousand) would be classified as current.

Pursuant to IAS 39, **trade payables** are classified as financial liabilities at amortised cost, and pursuant to IFRS 7, as financial liabilities measured at amortised cost. Given the short residual terms to maturity, amortised cost would equal the fair value as in the previous year.

Pursuant to IAS 39, **liabilities recognised under other current financial liabilities** are classified as financial liabilities at amortised cost, and pursuant to IFRS 7, as financial liabilities measured at amortised cost. Given the short residual terms to maturity, amortised cost of EUR 20,231 thousand (31 December 2016: EUR 128,483 thousand) would equal the fair value.

Pursuant to IAS 39, the **forward exchange transactions (fair value hedges) reported in other current financial liabilities** are classified as financial liabilities held for trading, and pursuant to IFRS 7, as financial liabilities measured at fair value. The fair value amounts to EUR 217 thousand (31 December 2016: EUR 2,695 thousand). The forward rates and prices are calculated on the basis of the spot price on the reporting date in the light of any discounts or premiums for the remaining term of the contract.

The **forward exchange transactions reported in other current financial liabilities in the scope of hedge accounting (cash flow hedges)** are not subject to the measurement categories as per IAS 39. Pursuant to IFRS 7, they are classified as effective hedges measured at fair value. The fair value amounts to EUR 107 thousand (31 December 2016: EUR 7,983 thousand).

Pursuant to IAS 39, **liabilities recognised in other non-current financial liabilities** are classified as financial liabilities at amortised cost, and pursuant to IFRS 7, as financial liabilities measured at amortised cost; there are no forward exchange transactions. Given the fact that interest is imposed at market rate as in the previous year, amortised cost would equal the fair value.

The following table shows the financial assets and liabilities as well as their fair values and their allocation to the fair value hierarchy defined in IFRS 13 that should be applied when determining the fair value of a financial instrument:

	<b>Level 1 EUR thousand</b>	<b>Level 2 EUR thousand</b>	<b>Level 3 EUR thousand</b>	<b>Total EUR thousand</b>
<b>30.9.2017</b>				
<b>Financial assets</b>				
Forward exchange transactions (financial assets held for trading, fair value hedges) . . . . .		2,694		2,694
Forward exchange transactions in the scope of hedge accounting (cash flow hedges) . . . . .		8,638		8,638
<b>Financial liabilities</b>				
Liabilities to banks . . . . .		634,318		634,318
Forward exchange transactions (financial liabilities held for trading, fair value hedges) . . . . .		217		217
Forward exchange transactions in the scope of hedge accounting (cash flow hedges) . . . . .		107		107
<b>31.12.2016</b>				
<b>Financial assets</b>				
Forward exchange transactions (financial assets held for trading, fair value hedges) . . . . .		928		928
Forward exchange transactions in the scope of hedge accounting (cash flow hedges) . . . . .		5,702		5,702
<b>Financial liabilities</b>				
Liabilities to banks . . . . .		648,690		648,690
Forward exchange transactions (financial liabilities held for trading, fair value hedges) . . . . .		2,695		2,695
Forward exchange transactions in the scope of hedge accounting (cash flow hedges) . . . . .		7,983		7,983

Assets and liabilities, the fair value of which is derived from the market values in active markets, are assigned to Level 1. A market is assumed to be active if market values are calculated regularly and are based on actual recurring transactions.

Fair values which cannot be determined by reference to active markets are derived from measurement models, which primarily take account of observable market data and generally do not include specific company estimates. These financial instruments are assigned to Level 2.

Liabilities to banks as part of financial liabilities are allocated to Level 2. The same applies to forward exchange transactions.



If material assumptions underlying the measurement are not based on observable market data, the financial instruments concerned are classified as Level 3.

There were no reclassifications between levels, neither in comparison with the previous year nor during the year under review.

### III. Notes to the income statement

#### Sales

Sales break down to the Projects and Service segments as follows:

	1.1.- 30.9.2017 EUR thousand	1.1.- 30.9.2016 EUR thousand
Projects .....	2,100,177	2,162,696
Service .....	227,530	188,736
Intrasegment consolidation .....	-8,241	-11,926
	<b><u>2,319,466</u></b>	<b><u>2,339,506</u></b>

Sales break down by region as follows:

	1.1.- 30.9.2017 EUR thousand	1.1.- 30.9.2016 EUR thousand
Europe .....	1,393,216	1,718,648
North America .....	469,732	143,728
Latin America .....	393,405	320,710
Rest of world .....	63,113	156,420
	<b><u>2,319,466</u></b>	<b><u>2,339,506</u></b>

The calculation of sales by region as of 30 September 2017 and comparative numbers from prior year differ from the calculation of the respective figures presented in the audited financial statements as of and for the year ended 31 December 2016.

#### Changes in inventories and other own work capitalised

Own work capitalised is valued at EUR 30,219 thousand (1 January to 30 September 2016: EUR 24,035 thousand) and, as in the previous year, relates to capitalized expenses for developing and enhancing new and existing wind turbines.

Changes in inventories stand at EUR 15,169 thousand (1 January to 30 September 2016: EUR -2,828 thousand).

#### Other operating income/Other operating expenses

Other operating income/Other operating expenses come to a balance of EUR -193,358 thousand (1 January to 30 September 2016: EUR -162,690 thousand) and chiefly compose expenses for external services, consultancy, legal and audit fees, rental and lease payments, travel costs, repair and maintenance, IT expenses and foreign currency translation.

#### Cost of materials

The cost of materials stands at EUR 1,741,925 thousand (1 January to 30 September 2016: EUR 1,788,985 thousand) and comprises the cost of raw materials and other supplies and the cost of services purchased.

The cost of raw materials and other supplies chiefly refers to the cost of components. The cost of services purchased mainly pertains to external freight, commission and externally sourced order-handling services as well as order provisions.

### Staff costs

Staff costs came to EUR 247,645 thousand in the first nine months of 2017, up from EUR 205,156 thousand in the same period of the previous year. Compared to the prior-year period, the headcount rose by 75 from 5,199 to 5,274 as at 30 September 2017. Most of the workforce expansion refers to the Spanish blade production facilities.

### Depreciation/Amortisation

Depreciation and amortization amounts to EUR 118,604 thousand (1 January to 30 September 2016: EUR 78,110 thousand) and is mainly driven by depreciations and amortisations from the purchase price allocation due to Nordex' and Acciona Windpower's merger (in the first nine months of 2016 are only six months depreciations and amortisations from the purchase price allocation included as the merger took place as at 1 April 2016).

### Earnings per share (EPS)

Basic earnings per share are calculated by dividing profit or loss attributable to the shareholders by the average number of shares outstanding:

		1.1.- 30.9.2017	1.1.- 30.9.2016
Consolidated net profit . . . . .	EUR thousand	27,902	64,381
Of which attributable to parent company's shareholders . . . . .	EUR thousand	27,902	64,381
Weighted average number of shares . . . . .		96,982,447.00	91,379,882.90
	<b>EUR</b>	<b>0.29</b>	<b>0.70</b>

Diluted earnings per share are calculated, in contrast to basic earnings per share, by adding all conversion rights and options to the average number of ordinary shares outstanding. Diluted earnings per share also stand at EUR 0.29 (1 January to 30 September 2016: EUR 0.70).

### IV. Group segment report

The Nordex group is essentially a single-product company. The group's activities cover the development, production, servicing and marketing of wind power systems. In order to support the marketing activities, it provides preliminary project development services, acquires rights and creates the infrastructure required to construct wind power systems at suitable locations. In line with business activities, the reportable segments are the Projects and Service segments. The prices of deliveries between the individual segments are determined on an arm's length basis. Segment reporting follows the internal reports submitted to the chief operating decision maker, i.e. the management board of Nordex SE, on the basis of the accounting principles applied to the consolidated financial statements.

### V. Other financial obligations and contingent liabilities

The Nordex group has contingent liabilities arising from pending litigation in connection with its operating business; as the probability of an outflow of resources as of the reporting date was not sufficiently determinable, no provisions have been set aside in this connection.

### VI. Related party disclosures

As at the reporting date, Acciona S.A. hold a 29.9% share in Nordex SE. As such, Nordex SE is an associated company of Acciona S.A.

The balances and transactions with companies from the Acciona group are set out in the following table:

	Balances outstanding Receivables (+)/liabilities (-)		Transaction amount Income (+)/expense (-)	
	30.9.2017 EUR thousand	31.12.2016 EUR thousand	1.1.- 30.9.2017 EUR thousand	1.4.- 30.9.2016 <sup>1</sup> EUR thousand
Acciona Energia Chile SpA .....	16,171/-16,175	0/-4	0/0	0/0
Acciona Energia S.A. ....	1,359/-1,443	1,674/-4,286	1,437/-47	360/-1,626
Acciona Energia Servicios Mexico S. de R.L. de C.V. ....	78,874/-45,154	104/-12	78,268/0	0/0
Acciona Energy Canada Global Inc. ....	1,722/0	10/0	0/0	0/0
Acciona Energy Global Poland Sp. z o.o. ....	383/0	42/-6	283/-6	0/0
Acciona Energy Oceania Construction Pty. Ltd. ....	37,714/-25,858	0/0	37,412/-2	0/0
Acciona Energy USA Global LLC .....	0/0	195/-268	27,415/0	0/0
Acciona Facility Services S.A. ....	11/-933	15/-320	0/0	6/-1,392
Acciona S.A. ....	1,698/-2,889	0/-1,692	0/0	0/-446
Ceolica Hispania S.L. ....	0/-302	16/-302	0/0	0/0
Consorcio Eolico Chiripa S.A. ....	687/-329	737/-352	0/0	0/0
Oakleaf Investment Holding 86 Pty. Ltd. ....	568/0	572/0	0/0	0/0
Sun Photo Voltaic Energy India Pvt. Ltd. ....	1,128/0	0/0	5,490/0	14,363/0
Valdivia Energia Eolica S.A. ....	409/0	374/0	13/0	1/0
Other .....	244/-1,066	448/-2,852	0/-199	30,893/-1,265

<sup>1</sup> Transactions refer to transactions between Acciona Windpower and companies within the Acciona group in the period from April to September 2016.

During the year under review, two contracts to deliver and assemble wind power systems in Australia and Mexico amounting to EUR 47,997 thousand are won by Acciona Energia S.A.

In addition, the Nordex group holds a 75% interest in natcon 7 GmbH, which is therefore a non-consolidated affiliated company.

Since 2014, Jan Klatten, a member of Nordex SE's supervisory board, has held a 44.2% share of the Polish wind farm company C&C Wind Sp. z o.o. via momentum infra 1 GmbH, of which he is also managing director. The share has been acquired by momentum infra 1 GmbH as the most successful bidder in a market-wide tender process. The majority of the shares in momentum infra 1 GmbH are held by momentum-capital Verwaltungsgesellschaft mbH. The Nordex group also holds 40% of the capital of C&C Wind Sp. z o.o. via Nordex Windpark Beteiligung GmbH. Accordingly, the former company is classed as an associated company. As in the previous year, there are no business transactions with Mr. Klatten or momentum infra 1. GmbH.

In addition, the shares in KNK Wind GmbH (38.89%) and GN Renewable Investments S.á.r.l. (30%) are classified as associated companies.

The balances and transactions with these companies are set out in the following table:

	Balances outstanding Receivables (+)/liabilities (-)		Transaction amount Income (+)/expense (-)	
	30.9.2017 EUR thousand	31.12.2016 EUR thousand	1.1.- 30.9.2017 EUR thousand	1.1.- 30.9.2016 EUR thousand
natcon7 GmbH .....	0/-1,627	2,354/-3,626	491/-7,746	540/-9,293
C&C Wind Sp. z o.o. ....	0/0	0/0	496/-447	701/-1,046
GN Renewable Investments S.á.r.l. ....	3,046/0	3,032/0	14/-49	29/-1,732
KNK Wind GmbH .....	0/0	0/0	143/-391	185/0

## VII. Events after the reporting period

Nordex announced the main features of a restructuring plan to those affected by it after the reporting period. Therefore, a constructive obligation to restructure arised and Nordex built a provision for restructuring including adjustments in capacity about approximately EUR 40,000 thousand.

**VIII. Responsibility statement in accordance with Section 37y in connection with Section 37w (2) No. 3 of the German Securities Trading Act**

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements for the first nine months as at 30 September 2017 give a true and fair view of the assets, liabilities, financial position and results of the group and the interim management report of the group gives a fair review of the development and performance of the business and the position of the group, together with a description of the material opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Nordex SE  
Rostock, November 2017

José Luis Blanco  
Chief Executive Officer

Christoph Burkhard  
Management Board

Patxi Landa  
Management Board

**Nordex SE**  
**Audited Consolidated Financial Statements as of and for the year ended December 31, 2016**

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF 31 DECEMBER 2016

## Assets

EUR thousand	Notes	REPORTING DATE	
		31.12.2016	31.12.2015
Cash and cash equivalents .....	(1)	649,464	528,973
Trade receivables and future receivables from construction contracts ..	(2)	699,427	275,466
Inventories .....	(3)	197,478	218,609
Income tax receivables .....	(4)	8,405	4,837
Other current financial assets .....	(5)	41,210	42,112
Other current non-financial assets .....	(6)	123,157	68,956
<b>Current assets</b> .....		<b>1,719,141</b>	<b>1,138,953</b>
Property, plant and equipment .....	(7)	266,369	145,614
Goodwill .....	(8)	547,758	9,960
Capitalised R&D expense .....	(9)	219,701	110,933
Other intangible assets .....	(10)	114,615	5,796
Financial assets .....	(11)	2,425	2,179
Investments in associates .....	(12)	6,689	8,699
Other non-current financial assets .....	(13)	3,403	2,866
Other non-current non-financial assets .....	(14)	38	28
Deferred tax assets .....	(15)	114,075	35,100
<b>Non-current assets</b> .....		<b>1,275,073</b>	<b>321,175</b>
<b>Assets</b> .....		<b>2,994,214</b>	<b>1,460,128</b>



## Equity and liabilities

EUR thousand	Notes	REPORTING DATE	
		31.12.2016	31.12.2015
Current liabilities to banks	(16)	16,652	6,572
Trade payables	(17)	377,323	254,926
Income tax payables	(4)	31,526	11,900
Other current provisions	(18)	163,245	66,491
Other current financial liabilities	(19)	139,161	184,202
Other current non-financial liabilities	(20)	514,297	353,495
<b>Current liabilities</b>		<b>1,242,204</b>	<b>877,586</b>
Non-current liabilities to banks	(16)	626,673	43,750
Pensions and similar obligations	(21)	1,866	1,731
Other non-current provisions	(18)	43,564	22,617
Other non-current financial liabilities	(22)	3,148	0
Other non-current non-financial liabilities	(23)	2,197	3,490
Deferred tax liabilities	(14)	134,551	55,357
<b>Non-current liabilities</b>		<b>811,999</b>	<b>126,945</b>
Subscribed capital		96,982	80,882
Share premium		597,626	229,114
Other retained earnings		23,694	-10,961
Cash flow hedges		2,187	1,730
Foreign currency adjustment item		9,686	5,651
Consolidated net profit carried forward		209,836	149,181
Consolidated net profit		0	0
Share in equity attributable to parent company's shareholders		940,011	455,597
<b>Equity capital</b>	(24)	<b>940,011</b>	<b>455,597</b>
<b>Equity and liabilities</b>		<b>2,994,214</b>	<b>1,460,128</b>

## CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016

EUR thousand	Notes	REPORTING PERIOD	
		1.1.–31.12.2016	1.1.–31.12.2015
Sales .....	(26)	3,395,033	2,430,105
Changes in inventories and other own work capitalised .....	(27)	408	–14,016
<b>Total revenue .....</b>		<b>3,395,441</b>	<b>2,416,089</b>
Other operating income .....	(28)	35,701	21,444
Cost of materials .....	(29)	–2,559,378	–1,879,829
Staff costs .....	(30)	–289,875	–197,260
Depreciation / amortisation .....	(31)	–116,966	–56,139
Other operating expenses .....	(32)	–296,348	–178,069
<b>Earnings before interest and taxes .....</b>		<b>168,575</b>	<b>126,236</b>
Income from investments .....		525	1,043
Profit / loss from equity accounting method .....		19	–1,216
Impairment of financial assets .....		–14	–7,087
Other interest and similar income .....		7,404	2,360
Interest and similar expenses .....		–34,676	–23,275
<b>Financial result .....</b>	<b>(33)</b>	<b>–26,742</b>	<b>–28,175</b>
<b>Net profit / loss from ordinary activities .....</b>		<b>141,833</b>	<b>98,061</b>
Income tax .....	(34)	–46,480	–45,789
<b>Consolidated net profit .....</b>		<b>95,353</b>	<b>52,272</b>
Of which attributable to			
Parent company's shareholders .....		95,353	52,272
<b>Earnings per share (in EUR) .....</b>	<b>(35)</b>		
Basic <sup>1</sup> .....		1.03	0.65
Diluted <sup>2</sup> .....		1.03	0.65

1 based on a weighted average of 92,792 million shares (previous year: 80,882 million shares)

2 based on a weighted average of 92,792 million shares (previous year: 80,882 million shares)

# **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016

<u>EUR thousand</u>	<b>REPORTING PERIOD</b>	
	<u>1.1.-31.12.2016</u>	<u>1.1.-31.12.2015</u>
<b>Consolidated net profit</b> .....	<b><u>95,353</u></b>	<b><u>52,272</u></b>
Other comprehensive income		
Items that may be reclassified to profit or loss		
Foreign currency translation difference .....	4,035	3,889
Cash flow hedges .....	673	6,815
Deferred income taxes .....	-216	-2,184
Items that are not reclassified to profit or loss		
Remeasurement of defined benefit plans .....	-63	281
Deferred income taxes .....	20	-90
<b>Consolidated comprehensive income</b> .....	<b><u>99,802</u></b>	<b><u>60,983</u></b>
Of which attributable to		
Parent company's shareholders .....	99,802	60,983

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016

EUR thousand	REPORTING PERIOD	
	1.1.–31.12.2016	1.1.–31.12.2015
<b>Operating activities</b>		
Consolidated net profit . . . . .	95,353	52,272
+ Depreciation / amortisation of non-current assets . . . . .	116,980	63,226
<b>= Consolidated net profit plus depreciation and amortisation . .</b>	<b>212,333</b>	<b>115,498</b>
+ Decrease in inventories . . . . .	146,835	55,271
– Increase in trade receivables and future receivables from construction contracts . . . . .	–289,945	–90,005
+ Increase in trade payables . . . . .	50,745	77,447
– Decrease in prepayments received . . . . .	–50,594	–53,567
<b>= Payments made from changes in working capital . . . . .</b>	<b>–142,959</b>	<b>–10,854</b>
– Increase in other assets not allocated to investing or financing activities . . . . .	–26,861	–36,029
+/- Increase / decrease in pensions and similar obligations . . . . .	135	–55
-/+ Decrease / increase in other provisions . . . . .	–3,199	36,548
+ Increase in other liabilities not allocated to investing or financing activities . . . . .	69,988	16,387
+ Loss from the disposal of non-current assets . . . . .	2,705	1,222
– Other interest and similar income . . . . .	–7,404	–2,360
+ Interest received . . . . .	5,571	2,337
+ Interest and similar expenses . . . . .	34,676	23,275
– Interest paid . . . . .	–38,979	–22,462
+ Income tax . . . . .	46,480	45,789
– Taxes paid . . . . .	–1,985	–3,972
-/+ Other non-cash income / expenses . . . . .	–6,103	2,663
<b>= Payments received from other operating activities . . . . .</b>	<b>75,024</b>	<b>63,343</b>
<b>= Cash flow from operating activities . . . . .</b>	<b>144,398</b>	<b>167,987</b>

EUR thousand	REPORTING PERIOD	
	1.1.–31.12.2016	1.1.–31.12.2015
<b>Investing activities</b>		
+ Payments received from the disposal of property, plant and equipment / intangible assets . . . . .	7,168	168
– Payments made for investments in property, plant and equipment / intangible assets . . . . .	–105,030	–78,747
– Payments made for the acquisition of Acciona Windpower . . . .	–305,833	0
+ Payments received from the disposal of financial assets . . . . .	3,937	3,774
– Payments made for investments in financial assets . . . . .	–2,081	–2,229
+ Payments received from investment grants . . . . .	2,599	3,647
<b>= Cash flow from investing activities . . . . .</b>	<b>–399,240</b>	<b>–73,387</b>
<b>Financing activities</b>		
– Costs from capital increases . . . . .	–737	0
+ Bank loans received . . . . .	599,842	50,000
– Bank loans repaid . . . . .	–9,375	0
– Payments from repaying bonds . . . . .	–150,000	0
– Redemption of working capital loan . . . . .	–70,500	0
<b>= Cash flow from financing activities . . . . .</b>	<b>369,230</b>	<b>50,000</b>
<b>Change in cash and cash equivalents . . . . .</b>	<b>114,388</b>	<b>144,600</b>
+ Cash and cash equivalents at the beginning of the period . . . . .	528,973	388,420
+ / – Exchange rate-induced change in cash and cash equivalents . . . .	6,103	–4,047
<b>= Cash and cash equivalents at the end of the period (Cash and cash equivalents as per consolidated statement of financial position) . . . . .</b>	<b>649,464</b>	<b>528,973</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016

EUR thousand	Subscribed capital	Share premium	Other retained earnings	Cash flow hedges	Foreign currency adjustment item	Consolidated net profit carried forward	Consolidated net profit	Share in equity attributable to the parent company's shareholders	REPORTING DATE
1.1.2016	80,882	229,114	-10,961	1,730	5,651	149,181	0	455,597	455,597
Capital increase									
Payments received from capital increase	16,100	369,012	0	0	0	0	0	385,112	385,112
Costs from capital increase	0	-737	0	0	0	0	0	-737	-737
Income tax	0	237	0	0	0	0	0	237	237
Consolidated comprehensive income	0	0	-43	457	4,035	0	95,353	99,802	99,802
Consolidated net profit	0	0	0	0	0	0	95,353	95,353	95,353
Other comprehensive income									
Items that may be reclassified to profit / loss									
Foreign currency translation difference	0	0	0	0	4,035	0	0	4,035	4,035
Cash-Flow-Hedges	0	0	0	673	0	0	0	673	673
Deferred taxes	0	0	0	-216	0	0	0	-216	-216
Items that are not reclassified to profit or loss									
Remeasurement of defined benefit plans	0	0	-63	0	0	0	0	-63	-63
Deferred income taxes	0	0	20	0	0	0	0	20	20
Appropriation of profit and consolidated net profit / loss									
carried forward	0	0	34,698	0	0	60,655	-95,353	0	0
<b>31.12.2016</b>	<b>96,982</b>	<b>597,626</b>	<b>23,694</b>	<b>2,187</b>	<b>9,686</b>	<b>209,836</b>	<b>0</b>	<b>940,011</b>	<b>940,011</b>



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2015

EUR thousand	Subscribed capital	Share premium	Other retained earnings	Cash flow hedges	Foreign currency adjustment item	Consolidated net profit carried forward	Consolidated net profit	Share in equity attributable to the parent company's shareholders	REPORTING DATE
1.1.2015	80,882	242,624	-7,951	-2,901	1,762	81,583	0	395,999	395,999
Employee stock option programme	0	-1,385	0	0	0	0	0	-1,385	-1,385
Consolidated comprehensive income	0	0	191	4,631	3,889	0	52,272	60,983	60,983
Consolidated net profit	0	0	0	0	0	0	52,272	52,272	52,272
Other comprehensive income									
Items that may be reclassified to profit/loss									
Foreign currency translation difference	0	0	0	0	3,889	0	0	3,889	3,889
Cash flow hedges	0	0	0	6,815	0	0	0	6,815	6,815
Deferred income taxes	0	0	0	-2,184	0	0	0	-2,184	-2,184
Items that are not reclassified to profit or loss									
Remeasurement of defined benefit plans	0	0	281	0	0	0	0	281	281
Deferred income taxes	0	0	-90	0	0	0	0	-90	-90
Appropriation of profit and consolidated net profit/loss carried forward	0	-12,125	-3,201	0	0	67,598	-52,272	0	0
<b>31.12.2015</b>	<b>80,882</b>	<b>229,114</b>	<b>-10,961</b>	<b>1,730</b>	<b>5,651</b>	<b>149,181</b>	<b>0</b>	<b>455,597</b>	<b>455,597</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR FROM 1 JANUARY UNTIL 31 DECEMBER 2016

### General information

Nordex SE, a listed Societas Europaea, and its subsidiaries in Germany and in other countries develop, manufacture and distribute wind power systems, particularly large multi-megawatt-class turbines. Nordex SE is domiciled in Rostock, Germany. However, the company's head office is located at Langenhorner Chaussee 600, 22419 Hamburg, Germany.

The shares of Nordex SE are admitted to regulated trading subject to the advanced admission obligations (TecDAX) stipulated by Deutsche Börse. Its nominal capital as at 31 December 2016 stands at EUR 96,982,447 (2015: EUR 80,882,447) and is divided into 96,982,447 (2015: 80,882,447) fully paid-up no-par-value shares, each with a notional share in capital of EUR 1.

Nordex SE's consolidated financial statements for 2016 were approved for publication in a resolution passed by the Management Board on 27 February 2017 and subsequent submittal to the Supervisory Board.

### Accounting policies

#### *Basis of preparation*

The general significant accounting policies applied in preparing the consolidated financial statements are described below, whilst, for reasons of clarity, the accounting policies relating to a concrete element of the financial statements within the scope of the International Accounting Standards Board's (IASB) disclosure initiative are explained in the corresponding section. In order to apply the accounting policies, management sometimes has to make assumptions and estimates or evaluations, especially in connection with the items future receivables from construction contracts, inventories, goodwill, capitalised R&D expense, deferred tax liabilities and deferred tax assets and other provisions. Unless otherwise stated, these policies have been consistently applied to all the accounting periods presented.

The consolidated financial statements were prepared in accordance with Section 315a of the German Commercial Code (HGB) using the International Financial Reporting Standards (IFRS) as they are to be applied in the European Union. Therefore, all International Financial Reporting Standards and interpretations of the International Financial Reporting Interpretation Committee (IFRIC) binding for the 2016 reporting year were applied.

At Nordex SE and all its subsidiaries (excluding Acciona Windpower India Private Limited) included in the consolidated financial statements, the fiscal year is identical to the calendar year.

The current / non-current classification of liabilities and assets provided for in IAS 1 is applied.

The consolidated financial statements are prepared in thousands of euros.

#### *Effects of new accounting standards*

*The new and revised standards to be applied in 2016 as a result of endorsement by the European Union*

<u>Standard / Interpretation</u>		<u>Published by the IASB</u>	<u>Mandatory application stipulated by the IASB</u>
IAS 1	Presentation of the Financial Statements	18.12.2014	1.1.2016
IAS 16	Property, Plant and Equipment	12.5.2014 / 30.6.2014	1.1.2016
IAS 27	Separate Financial Statements	12.8.2014	1.1.2016
IAS 28	Investments in Associates and Joint Ventures	18.12.2014	1.1.2016
IAS 38	Intangible Assets	12.5.2014	1.1.2016
IAS 41	Agriculture	30.6.2014	1.1.2016
IFRS 10	Consolidated Financial Statements	18.12.2014	1.1.2016
IFRS 11	Joint Arrangements	6.5.2014	1.1.2016
IFRS 12	Disclosure of Interests in Other Entities	18.12.2014	1.1.2016
IFRS 14	Regulatory Deferral Accounts	30.1.2014	1.1.2016
Annual IFRS improvements cycle 2012–2014		25.9.2014	1.1.2016

The application does not have any material effect on the consolidated financial statements.

*New and revised standards and interpretations which were not yet mandatory in 2016 and have not been adopted early by the Group*

<b>Standard / Interpretation</b>	<b>Published by the IASB</b>	<b>Mandatory application stipulated by the IASB</b>
IAS 7 <sup>1</sup> Statement of Cash Flows	29.1.2016	1.1.2017
IAS 12 <sup>1</sup> Income Tax	19.1.2016	1.1.2017
IFRS 9 Financial Instruments	24.7.2014 / 12.9.2016	1.1.2018
IFRS 15 Revenue from Contracts with Customers	11.9.2015 / 12.4.2016	1.1.2018
IFRS 16 Leases	13.1.2016	1.1.2019
Annual IFRS improvements cycle 2014–2016	8.12.2016	1.1.2018

1 The application is not expected to have any material effect on the consolidated financial statements.

The future amendments that are of importance for the Group concern the following standards:

IFRS 9 – Financial Instruments was published in July 2014 by the IASB, and it is mandatory that IFRS 9 be applied to financial years starting on or after 1 January 2018. It introduces new guidance for the classification and measurement of financial instruments among other things. Categorisation is based on the company's business model and on the characteristics of the contractual payment flows under the financial instrument in question. Further amendments over the previous accounting practice concern the guidance on hedge accounting and the recognition of impairments. Nordex does not expect the application of IFRS 9 to have any significant effects on the consolidated financial statements.

The IASB published IFRS 15 – Revenue from Contracts with Customers in May 2014. An amendment to IFRS 15 published in September 2015 delays the effective date for mandatory first-time adoption of IFRS 15 to financial years beginning on or after 1 January 2018. The standard regulates across all industries the timing and the amount of the revenue recognition from contracts with customers. Under the new guidance, the amount of revenue recognised in many cases no longer matches the amount invoiced to the customer particularly in connection with multi-component transactions involving several different contractual services. As a result, changes may arise with respect to the timing and amount of revenue recognition among other things. This particularly refers to installation and service contracts, which were previously accounted for independently.

Furthermore, the standard also specifies the accounting and measurement of gains and losses on the sale of certain non-financial assets such as property, plant and equipment or intangible assets whenever such sale is not part of the entity's ordinary course of business. Nordex has largely completed analysing IFRS 15 and is currently examining the effects of applying this standard.

In January 2016, the IASB published IFRS 16 – Leases. On the part of the lessee, IFRS 16 eliminates the former classification of leases as either operating leases or finance leases. Instead, IFRS 16 introduces a single lessee accounting model according to which the lessee is obliged to recognise assets for the right-of-use under lease contracts and liabilities in the amount of the present value of future lease payments plus directly attributable costs. The right of use is amortised on a scheduled basis during the term of the lease contract and the lease liability is depreciated using the actuarial method. The standard simplifies accounting for short-term leases with a term of up to twelve months, low value assets and portfolios of leases. As a result, leases previously not recognised in the statement of financial position are in the future recognised in a manner similar to finance leases pursuant to IAS 17 today. In contrast, there are no significant changes to the regulations governing accounting of lessors. This standard is mandatory for periods starting on or after 1 January 2019. Early application is admissible as long as IFRS 15 is also applied. Nordex has started analysing IFRS 16 and will examine the effects of applying the standard after completing this analysis.

### ***Companies consolidated***

Subsidiaries are defined as all entities which are controlled by the Group. The Group controls an investee if it has power over it or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Group's returns. An investee is consolidated from the day on which the investor gains control of it and ends when the investor loses control over it. For the purpose of accounting for subsidiaries, identifiable assets, liabilities and contingent liabilities are consolidated for the first time at their fair value as of the date of acquisition.

The companies consolidated comprise the following nine (2015: eight) domestic and 46 (2015: 27) non-domestic companies:

Name	REPORTING DATE	
	Share in capital/ voting rights 31.12.2016 %	Share in capital/ voting rights 31.12.2015 %
Nordex SE, Rostock (Group parent) . . . . .	—	—
Acciona Blades S.A., Barasoain / Spain . . . . .	100.0	—
Acciona Towers S.L., Barasoain / Spain . . . . .	100.0	—
Acciona – Vjetroelektrane d.o.o., Split / Croatia . . . . .	100.0	—
Acciona Windpower Brasil – Comércio, Indústria, Exportação e Importação de Equipamentos para Geração de Energia Eólica Ltda., Sao Paulo / Brazil . . . . .	100.0	—
Acciona Windpower Chile S.A., Santiago / Chile . . . . .	100.0	—
Acciona Windpower Deutschland GmbH, Frankfurt am Main . . . . .	100.0	—
Acciona Windpower India Private Limited, Bangalore / India . . . . .	100.0	—
Acciona Windpower Internacional S.L., Barasoain / Spain . . . . .	100.0	—
Acciona Windpower Mexico S. de R.L. de C.V., Mexico City / Mexico . . . . .	100.0	—
Acciona Windpower North America LLC, West Branch / United States . . . . .	100.0	—
Acciona Windpower Oceania Pty. Ltd., Melbourne / Australia . . . . .	100.0	—
Acciona Windpower Rüzgar Enerjisi Sistemleri Anonim Şirketi, Istanbul / Turkey . . . . .	100.0	—
Acciona Windpower S.A., Barasoain / Spain . . . . .	100.0	—
Acciona Windpower Southafrica (Pty.) Ltd., Cape Town / South Africa . . . . .	100.0	—
Beebe Wind LLC, Delaware / United States . . . . .	100.0	100.0
Corporación Acciona Windpower S.L., Barasoain / Spain . . . . .	100.0	—
Eólicos R4E S.A. de C.V., Tegucigalpa / Honduras . . . . .	100.0	100.0
Green Hills Wind LLC, Delaware / United States . . . . .	100.0	100.0
Industria Toledana de Energías Renovables S.L., Barasoain / Spain . . . . .	100.0	—
Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd., Beijing / PR China . . . . .	100.0	100.0
Nordex (Chile) SpA, Santiago / Chile . . . . .	100.0	100.0
Nordex (Dongying) Wind Power Equipment Manufacturing Co. Ltd., Dongying / PR China . . . . .	100.0	100.0
Nordex Education Trust, Cape Town / South Africa . . . . .	100.0	100.0
NordexEnergy Uruguay S.A., Montevideo / Uruguay . . . . .	100.0	100.0
Nordex Energy B.V., Rotterdam / Netherlands . . . . .	100.0	100.0
Nordex Energy GmbH, Hamburg . . . . .	100.0	100.0
Nordex Energy Ibérica S.A., Barcelona / Spain . . . . .	100.0	100.0
Nordex Energy Ireland Ltd., Dublin / Ireland . . . . .	100.0	100.0
Nordex Energy Romania S.r.l., Bucharest / Romania . . . . .	100.0	100.0
Nordex Energy South Africa RF (Pty.) Ltd., Johannesburg / South Africa . . . . .	100.0	100.0
Nordex Enerji A.S., Istanbul / Turkey . . . . .	100.0	100.0
Nordex Forum II GmbH & Co. KG, Hamburg . . . . .	100.0	100.0
Nordex Forum II Verwaltungs GmbH, Hamburg . . . . .	100.0	100.0
Nordex France S.A.S., Paris / France . . . . .	100.0	100.0
Nordex Grundstücksverwaltung GmbH, Hamburg . . . . .	100.0	100.0
Nordex Hellas Monoprosopi EPE, Athens / Greece . . . . .	100.0	100.0
Nordex Italia S.r.l., Rome / Italy . . . . .	100.0	100.0
Nordex Offshore GmbH, Hamburg . . . . .	100.0	100.0
Nordex Pakistan (Private) Ltd., Islamabad / Pakistan . . . . .	100.0	100.0
Nordex Polska Sp. z o.o., Warsaw / Poland . . . . .	100.0	100.0

<u>Name</u>	REPORTING DATE	
	Share in capital/ voting rights 31.12.2016 %	Share in capital/ voting rights 31.12.2015 %
Nordex Singapore Equipment Private Ltd., Singapore / Singapore	100.0	100.0
Nordex Singapore Service Private Ltd., Singapore / Singapore	100.0	100.0
Nordex Sverige AB, Uppsala / Sweden	100.0	100.0
Nordex UK Ltd., Manchester / United Kingdom	100.0	100.0
Nordex USA Inc., Chicago / United States	100.0	100.0
Nordex USA Management LLC, Chicago / United States	100.0	100.0
Nordex Windpark Beteiligung GmbH, Hamburg	100.0	100.0
Nordex Windpower Peru S.A., Lima / Peru	100.0	—
Nordex Windpower S.A., Buenos Aires / Argentina	100.0	—
Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd., Ningxia / PR China	100.0	100.0
NPV Dritte Windpark GmbH & Co. KG, Hamburg	100.0	100.0
Parque Eólico Llay-Llay SpA, Santiago / Chile	100.0	—
Shanghai Acciona Windpower Technical Service Co. Ltd., Shanghai / PR China	100.0	—
Way Wind, LLC, Delaware / United States	100.0	100.0

The following companies were consolidated for the first time in the year under review:

<u>Name</u>		<u>Date of acquisition/ incorporation</u>
Parque Eólico Llay-Llay SpA, Santiago / Chile <sup>1</sup>	Acquisition	6.11.2012
Acciona Blades S.A., Barasoain / Spain <sup>2</sup>	Acquisition	1.4.2016
Acciona Towers S.L., Barasoain / Spain <sup>2</sup>	Acquisition	1.4.2016
Acciona – Vjetroelektrane d.o.o., Split / Croatia <sup>2</sup>	Acquisition	1.4.2016
Acciona Windpower Brasil – Comércio, Indústria, Exportação e Importação de Equipamentos para Geração de Energia Eólica Ltda., Sao Paulo / Brazil <sup>2</sup>	Acquisition	1.4.2016
Acciona Windpower Chile S.A., Santiago / Chile <sup>2</sup>	Acquisition	1.4.2016
Acciona Windpower Deutschland GmbH, Frankfurt am Main <sup>2</sup>	Acquisition	1.4.2016
Acciona Windpower India Private Limited, Bangalore / India <sup>2</sup>	Acquisition	1.4.2016
Acciona Windpower Internacional S.L., Barasoain / Spain <sup>2</sup>	Acquisition	1.4.2016
Acciona Windpower Mexico S. de R.L. de C.V., Mexico City / Mexico <sup>2</sup>	Acquisition	1.4.2016
Acciona Windpower North America LLC, West Branch / United States <sup>2</sup>	Acquisition	1.4.2016
Acciona Windpower Oceania Pty, LTD., Melbourne / Australia <sup>2</sup>	Acquisition	1.4.2016
Acciona Windpower Rüzgar Enerjisi Sistemleri Anonim Şirketi, Istanbul / Turkey <sup>2</sup>	Acquisition	1.4.2016
Acciona Windpower S.A., Barasoain / Spain <sup>2</sup>	Acquisition	1.4.2016
Acciona Windpower Southafrica (Pty.) LTD., Cape Town / South Africa <sup>2</sup>	Acquisition	1.4.2016
Corporación Acciona Windpower S.L., Barasoain / Spain <sup>2</sup>	Acquisition	1.4.2016
Industria Toledana de Energías Renovables S.L., Barasoain / Spain <sup>2</sup>	Acquisition	1.4.2016
Nordex Windpower Peru S.A., Lima / Peru <sup>3</sup>	Incorporation	21.9.2016
Nordex Windpower S.A., Buenos Aires / Argentina <sup>4</sup>	Incorporation	29.12.2016
Shanghai Acciona Windpower Technical Service Co, LTD., Shanghai / PR China <sup>2</sup>	Acquisition	1.4.2016

1 Consolidated for the first time effective 31.1.2016.

2 Consolidated for the first time effective 1.4.2016.

3 Consolidated for the first time effective 31.10.2016.

4 Consolidated for the first time effective 31.12.2016.

Since the execution of the Business Combination Agreements between Nordex SE and Acciona S.A. (Acciona) on 1 April 2016, Corporación Acciona Windpower S.L and its 16 subsidiaries (Acciona Windpower) have become part of the Nordex Group.

The merger of the activities of Nordex and Acciona Windpower creates a globally positioned company capable of addressing 85% (excluding China) of the global onshore market. Nordex and Acciona Windpower complement each other in a number of key business areas.

Whereas Nordex has a strong presence in the European market, Acciona Windpower is well positioned in North and South America as well as in the emerging markets, in particular Brazil and India. Nordex wind power systems are particularly suitable for complex projects requiring sophisticated technological solutions. By contrast, Acciona Windpower turbines can be used cost-efficiently in large-scale projects in simpler surrounding conditions.

Under the terms of the Business Combination Agreement of 4 October 2015, Acciona transferred the wind power business which it operates directly or indirectly via its 100% subsidiary Acciona Windpower to Nordex SE. The transaction volume amounts to EUR 785,000 thousand less Acciona Windpower's net financial liabilities of EUR 33,905 thousand. The transaction was financed by issuing 16.1 million new Nordex shares to Acciona from a capital increase through the exercise of the authorised capital in accordance with the Articles of Incorporation subject to the exclusion of shareholders' preemptive subscription rights at an issue amount of EUR 26.00 per Nordex share; for the purpose of the first-time consolidation, the market price of EUR 23.92 per Nordex share at the date of the first consolidation was applied as the issue price. The capital increase is described in more detail in the section on equity. Furthermore, Acciona received a cash payment in the amount of EUR 332,495 thousand. On 6 April 2016, Nordex SE successfully placed a Schuldschein loan with a volume of EUR 550,000 thousand with national and international investors in the scope of this transaction; the funds from this loan will be used primarily to finance the take-over of Acciona Windpower. More detailed information on the Schuldschein loan is provided in the section on debt instruments.

The transaction and the acquisition of further shares in SKion GmbH / momentum-capital Vermögensverwaltungsgesellschaft mbH increase Acciona's share in Nordex SE to 29.9%, while the share held by SKion GmbH / momentum-capital Vermögensverwaltungsgesellschaft mbH was reduced to 5.7%.

The following overview summarises the information on the purchase price of the transaction and the acquired net assets after purchase price allocation as well as the resulting goodwill:

#### **EUR thousand**

#### **Purchase price**

Share component at fair value	385,112
Cash component	332,495
	<b>717,607</b>

#### **Acquired net assets after purchase price allocation**

Cash and cash equivalents	26,661
Trade receivables and future receivables from construction contracts	111,318
Inventories	125,704
Receivables from income tax	11,456
Property, plant and equipment	110,363
Capitalised R & D expense	116,294
Other intangible assets	122,030
Other assets	52,248
Deferred tax assets	80,609
Trade payables	-71,651
Income tax payable	-9,130
Other provisions	-120,900
Other liabilities	-292,316
Deferred tax liabilities	-82,877
	<b>179,809</b>
<b>Goodwill<sup>1</sup></b>	<b>537,798</b>

<sup>1</sup> Compared to the preliminary purchase price allocation of 30 June 2016, goodwill increased by EUR 32,042 to EUR 505,756.



The fair value of the acquired receivables would correspond to the values shown. The extent of value adjustments is insignificant. Contingent liabilities for possible risks from claims are included in other provisions.

Non-deductible goodwill is based on the expectation of positive effects on earnings. These result from the leverage of synergy effects, on the one hand, such as purchasing advantages, enhanced production and a higher flexibility in production, improved market access conditions and the pooling of research and development activities. On the other hand, business volume is expected to increase thanks to the opportunity to reach a higher penetration of existing markets and tap into new markets. At the same time, these developments build upon mature organisational structures.

From the date of first-time consolidation, Acciona Windpower generated revenue of EUR 725,678 thousand and net profit before the effects from the purchase price allocation of EUR 41,320 thousand in 2016.

No companies were deconsolidated in the period under review.

Consolidated companies do not include investees that are insignificant both in view of the quantitative criteria net profit / loss, equity, total assets and employees as well as in view of the qualitative criteria concerning the type of business activities.

For the purposes of liability consolidation, all receivables and liabilities as well as gains and losses on internal Group transactions between consolidated companies of EUR 2,876,575 thousand (2015: EUR 2,727,001 thousand) have been offset against each other.

In connection with the consolidation of expenses and income, internal Group deliveries of services and goods, expenses and income arising from transfer transactions and profit and loss from internal Group transactions of EUR 948,940 thousand (2015: EUR 857,220 thousand) were eliminated.

There are profit and loss transfer agreements in force between Nordex SE and its consolidated domestic subsidiaries with the exception of Nordex Offshore GmbH, Nordex Forum II GmbH & Co. KG, Nordex Forum II Verwaltungs GmbH and NPV Dritte Windpark GmbH & Co. KG with a corresponding effect on the Group's tax situation, whereas there are no profit and loss transfer agreements in force between Corporación Acciona Windpower S.L. and the consolidated Spanish subsidiaries of Acciona Windpower. Further, no profit and loss transfer agreement is in force between Nordex SE and Corporación Acciona Windpower S.L.

Corporate tax and trade tax groups have been established between Nordex SE and Nordex Energy GmbH, Nordex Grundstücksverwaltung GmbH as well as Nordex Windpark Beteiligung GmbH. A value added tax group has been established between Nordex SE and Nordex Energy GmbH, Nordex Forum II Verwaltungs GmbH, Nordex Grundstücksverwaltung GmbH and Nordex Windpark Beteiligung GmbH. Moreover, a corporate tax group has been established between Corporación Acciona Windpower S.L. and the Spanish subsidiaries of Acciona Windpower.

## **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Concerning financial assets, IAS 39 prescribes that the following measurement classifications are used:

- Financial assets at fair value through profit or loss
- Available for sale financial assets
- Loans and receivables
- Held to maturity investments

Financial Assets at Fair Value through Profit or Loss are in turn divided into financial assets that are voluntarily allocated to this measurement classification and financial assets that are held for trading. Financial assets held for trading include all derivatives that have a positive market value (except for those designated to be a hedge instrument).

IAS 39 has two measurement classifications for financial liabilities:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss are in turn divided into financial liabilities that are voluntarily allocated to this measurement classification and financial liabilities that are held for trading. Financial liabilities held for trading include all derivatives that have a negative market value (except for those designated to be a hedge instrument).

The Group has no relevant held to maturity investments and does not make use of a voluntary allocation to the financial assets or financial liabilities at fair value through profit or loss categories.

Regular way purchase or sale of financial assets can be recognised or derecognised as at the day of trading or as at the date of settlement method. The method applied must be applied consistently for all purchases and sales of financial assets that belong to the same measurement category. The Nordex Group uses settlement date accounting.

Upon initial recognition, financial assets and liabilities must be measured at fair value (taking into consideration any transaction costs for assets and liabilities that are not measured at fair value through profit or loss).

For subsequent measurement, financial assets and liabilities (including derivatives) must also be measured at fair value. However, loans and receivables, held to maturity investments and financial liabilities at amortised cost must be measured at amortised cost using the effective interest method.

Financial assets are only impaired and impairment is recognised if there is objective evidence of impairment resulting from one or several events, e.g. default or delay in making payments for interest or repayment, that take place after initial recognition of the financial assets. A check must be conducted on each reporting date whether there is objective evidence of impairment. If such evidence exists, a detailed calculation of the impairment must be carried out to determine whether an impairment expense must be recorded.

Financial assets and liabilities that are designated as hedged items or hedge instruments are subject to measurement under the hedge accounting requirements in IAS 39, which stipulate that hedge accounting is possible only if the clear hedging relationship between the hedged item and the hedge is documented and its efficacy is proved.

Hedges against exchange rate risks of future cash flows that are highly probable to occur as per the budget or planning of individual customer specific projects that satisfy these conditions are measured at fair value (cash flow hedges). Any changes in the fair value of the effective part of the cash flow hedges are initially recorded in the cash flow hedge reserve and only reclassified to profit or loss when the hedged item is realised or does not come to pass; the ineffective part of the cash flow hedge is taken to profit or loss immediately. The ineffective part of cash flow hedges comprises income and expense arising from any changes in the fair value of the forward exchange transactions exceeding the changes in the fair value of the hedged items for which, however, efficacy within the permissible range of between 80% and 125% has been determined overall.

Gains and losses on hedged project contracts are reported in the income statement under other operating income or other operating expenses as the case may be, whereas gains and losses on hedged procurement contracts are reported within cost of materials.

Forward exchange transactions that do not satisfy the strict criteria of IAS 39 for the application of hedge accounting are classified as financial assets held for trading or financial liabilities held for trading. Gains or losses from these forward exchange transactions designated as fair value hedges are recognised within other operating income or other operating expenses, as the case may be, in the income statement for the period in which they arise.

## **Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made relating to an operating lease are recognised in the income statement under other operating expenses.

Leases in which the Group holds the material risks and rewards from ownership of the leased assets are classified as finance leases. Assets under a finance lease are capitalised under property, plant and equipment and depreciated. A lease liability of the same amount is recorded within non-current liabilities. The interest component of the lease payment is recorded within the interest result in the income statement and spread evenly over the term of the lease.

### Foreign currency translation

The consolidated financial statements are presented in euros, which is Nordex SE's functional and reporting currency.

Foreign-currency transactions are translated into the functional currency using the relevant exchange rates prevailing on the date of the transaction. Gains and losses resulting from the transaction-date translation are taken to the income statement.

Assets and liabilities of all Group companies with a functional currency other than euro are translated to euro on each reporting date using the exchange rate on such date, while income and expenses in each of the income statements are translated to euro using the monthly average exchange rate. If the use of the monthly average exchange rate does not result in a reasonable approximation of the cumulative effects that would have arisen had the exchange rate applicable on the dates of the individual transactions been applied, income and expenses are translated at the rates prevailing on the transaction dates. Any exchange differences are recorded as a separate item in other reserves in equity (foreign currency adjustment item).

The following table sets out the exchange rates against the euro of the Group's most important foreign currencies:

Exchange rate EUR 1.00 equals	Average exchange rate for the financial year		Year-end exchange rate as at 31.12.	
	2016	2015	2016	2015
BRL .....	3.8352	4.1945	3.4336	4.3198
GBP .....	0.8148	0.7195	0.8570	0.7357
INR .....	73.9759	70.8642	71.2002	71.7499
MXN .....	20.5444	18.2173	21.8500	18.9200
PKR .....	115.6767	112.8172	110.1103	114.2296
PLN .....	4.3687	4.2717	4.4170	4.2670
SEK .....	9.4498	9.1925	9.5760	9.1800
TRY .....	3.3169	3.1315	3.7280	3.1884
USD .....	1.1046	1.0728	1.0555	1.0895
UYU .....	33.2954	31.9489	30.6937	32.6264
ZAR .....	16.1816	16.0436	14.4509	17.0010

### Financial risk management

#### *Financial risk management – purposes and methods*

As an enterprise acting on an international level, the Nordex Group is exposed to financial risks in its operating business and financial transactions. These are primarily market, credit and liquidity risks. The purpose of financial risk management is to limit these risks by means of ongoing operating and finance-oriented activities. The Treasury department is responsible for implementing the financial strategy and for ongoing risk management.

### Market risk

#### *Foreign currency risk*

The Group's business is exposed to fluctuations in exchange rates as a result of its international orientation. The main risks are associated with the US dollar. Foreign currency risks arise from expected future transactions and from assets and liabilities recognised in the statement of financial position. Currency risks arise as a result of financial instruments denominated in a currency other than the Group's functional currency and of a monetary

nature; differences as a result of exchange rates in the translation of single- entity financial statements for inclusion in the consolidated financial statements are ignored.

Foreign currency risks are mostly avoided by concluding contracts with customers that match the currencies of the corresponding contracts with suppliers (natural hedge).

In order to hedge the remaining foreign currency risk, derivative and non-derivative hedge instruments are used. Derivative financial instruments are used solely for hedging purposes and are not utilised for trading or speculative purposes. These transactions are executed on a central basis by Nordex SE as the parent company. Contracts for derivative financial instruments are taken out only with domestic and foreign banks whose ratings are permanently monitored. Nordex also mitigates risk by diversifying its trading partners. All transactions with derivative financial instruments are executed and monitored in accordance with the applicable provisions of the European Market Infrastructure Regulation (EMIR). Moreover, certain transactions require the prior approval of the Management Board, which is additionally kept regularly informed of the extent and value of the outstanding risk positions. As at 31 December 2016, most forward exchange transactions were denominated in US-dollar. The notional repayment amounts for outstanding forward exchange transactions stand at EUR 252,799 thousand (2015: EUR 106,390 thousand), particularly due to the business volume in the United States; however, opposing currency flows cancel each other out.

Thanks to this, the Nordex Group's operating activities were not exposed to any material foreign currency risks as at the reporting date.

For the purpose of describing foreign currency risks, a currency sensitivity analysis is performed to determine the effects of hypothetical changes in relevant risk variables on the company's net profit (after income tax) and equity. The relevant risk variables comprise all non- functional currencies in which the Nordex Group transacts financial instruments.

In the event of 10% appreciation / depreciation in the respective foreign currency against the reporting currency, the measurement of the primary monetary financial instruments (cash and cash equivalents, trade receivables and payables, future receivables from construction contracts, liabilities to banks and prepayments received) would result in the following effects on post-tax profit:

	<b>+10% EUR thousand</b>	<b>-10% EUR thousand</b>
<b><u>2016</u></b>		
EUR / USD .....	2,339	-1,913
<b><u>2015</u></b>	<b>+10% EUR thousand</b>	<b>-10% EUR thousand</b>
EUR / USD .....	1,284	-1,050

In the event of 10% appreciation / depreciation in the respective foreign currency against the reporting currency, the measurement of the forward exchange transactions entered into for hedging purpose but not included in hedge accounting would result in the following effects on post-tax profit:

	<b>+10% EUR thousand</b>	<b>-10% EUR thousand</b>
<b><u>2016</u></b>		
EUR / USD .....	-11,069	9,057
<b><u>2015</u></b>	<b>+10% EUR thousand</b>	<b>-10% EUR thousand</b>
EUR / USD .....	-1,593	1,330

In the event of 10% appreciation / depreciation in the respective foreign currency against the reporting currency, the measurement of the forward exchange transactions entered into for hedging purpose and included in hedge accounting would result in the following effects on the post-tax profit and hedge accounting reserve within equity:

<u>2016 EUR / USD</u>	<u>+10% EUR thousand</u>	<u>-10% EUR thousand</u>
Net profit / loss after income tax .....	0	0
Hedge accounting reserve in equity .....	-1,424	5,813
 <u>2015 EUR / USD</u>	 <u>+10% EUR thousand</u>	 <u>-10% EUR thousand</u>
Net profit / loss after income tax .....	0	0
Hedge accounting reserve in equity .....	-2,472	2,023

### Interest risk

Nordex SE has issued a Schuldschein loan that is also subject to variable interest. The resulting interest rate risk is largely hedged via interest caps. The market value of the interest caps is EUR 711 thousand at the reporting date. If the euro interest rate curve were to move by 1 percentage point, this would have the following effects on measurement:

<u>EUR thousand</u>	<u>+1-pp.</u>	<u>-1-pp.</u>
Market value interest cap .....	1,768	-464

A 1 percentage point increase of the 6M-Euribor would increase cumulative interest expense until maturity of the Schuldschein loans by EUR 10,937 thousand, while a decrease in 6M-Euribor would not reduce interest expense because of the contractually agreed interest floor.

The Group has no assets subject to variable interest rates entailing a material interest rate risk exposure.

### Credit risk

The Group enters into business solely with investment-grade rated third parties. All main new customers wishing to enter into business with the Group on credit terms undergo a credit check. As a matter of principle, a standardised approval procedure is carried out to address any credit risks before the order is accepted. In particular, the order is not accepted unless the project finance is guaranteed by a bank and / or a bank guarantee or group bond has been issued. In addition, the contracts provide for prepayments to be made when certain milestones are reached. In addition, receivables are monitored on an ongoing basis to avert all material credit risks. There is no pronounced clustering of credit risks within the Group. The maximum credit risk is limited to the carrying amount in question. Trade receivables and future receivables from construction contracts are additionally secured by means of guarantees, sureties and standby letters of credit of EUR 3,834,060 thousand (2015: EUR 4,810,110 thousand) or by means of retained ownership rights of EUR 269,617 thousand (2015: EUR 90,979 thousand).

### Liquidity risk

The aim of the Group is to achieve a balance between incoming and outgoing payments. To this end, it tracks payments made and received in the light of the maturities of the financial investments and assets as well as expected payment flows from operating activities and permanently manages Group liquidity.

As a matter of principle, the Nordex Group finances projects via prepayments made by customers. With all projects, the payments are invoiced in line with the progress of work on the basis of the agreed contractual schedule.

In some cases, Nordex uses cross-border cash pooling mechanisms or other in-house banking instruments to enhance the efficiency of liquidity management within the Group. Group Treasury invests remaining liquidity positions conservatively with domestic and non-domestic banks. For this purpose, limits and counterparty risks are permanently monitored.

## Debt instruments

### *Schuldschein loan*

On 6 April 2016, Nordex SE successfully placed a Schuldschein loan with a volume of EUR 550,000 thousand with national and international investors. Nordex used most of the proceeds for the takeover of Acciona Windpower, creating a medium and long term financing basis. Another portion was used to redeem the corporate bond of EUR 150,000 thousand due on 12 April 2016. The Schuldschein (promissory note) has terms of three, five, seven and ten years, each subject to fixed or variable interest. Depending on the tranche, the interest rate at the time of issue was between 1.5% and 3.0%.

### Research and development loan

In addition, the Group has been granted a long-term research and development facility of up to EUR 100,000 thousand by the European Investment Bank. It intends to use this loan to finance the development of increasingly more efficient technical solutions to additionally extend its competitive lead. The loan has a term of eight years from the date on which it is drawn and is repaid in instalments. The borrower is Nordex Energy GmbH, with the main Nordex Group companies holding joint and several liability. Utilisation as at 31 December 2016 under the loan agreement amounted to EUR 90,625 thousand (2015: EUR 50,000 thousand).

### Multi-currency guarantee facility

Furthermore, the Nordex Group has a syndicated multi-currency guarantee facility with a volume of EUR 950,000 thousand that was renewed on 15 December 2015 for another five years until 15 December 2020. In connection with the takeover of Acciona Windpower's guarantee portfolio, Nordex exercised an option to increase the facility by another EUR 260,000 thousand to EUR 1,210,000 thousand. As at 31 December 2016, EUR 734,227 thousand of the guarantee facility had been utilised (2015: EUR 486,809 thousand).

None of the financing instruments is collateralised and they are all subject to the same representations and undertakings.

The loan by the European Investment Bank and the syndicated multi-currency guarantee facility are further subject to uniform and agreed financial covenants such as equity ratio, leverage and interest coverage, compliance with which is confirmed in quarterly reports to the banks.

The banks may only terminate the existing facilities for good cause, which includes breach of the financial covenants.

### Capital risk management

The main aims of capital risk management are to ensure sustained growth in enterprise value and to safeguard the Group's liquidity and credit rating. Equity stood at EUR 940,011 thousand as at 31 December 2016 (2015: EUR 455,597 thousand). The Group monitors its capital by means of the working capital employed. Working capital is defined as the sum total of trade receivables, future receivables from construction contracts and inventories less trade payables and prepayments received:

<u>EUR thousand</u>	<u>REPORTING DATE</u>	
	<u>31.12.2016</u>	<u>31.12.2015</u>
Trade receivables . . . . .	160,193	93,508
Future receivables from construction contracts . . . . .	539,234	181,958
Inventories . . . . .	197,478	218,609
Trade payables . . . . .	-377,323	-254,926
Prepayments received . . . . .	-372,895	-268,402
	<b>146,687</b>	<b>-29,253</b>
Sales . . . . .	3,582,867 <sup>1</sup>	2,430,105
Working capital ratio . . . . .	4.1%	-1.2%

1 Including sales of Acciona Windpower between January and March 2016



**Group segment report**

The Nordex Group is essentially a single-product company. The Group's activities cover the development, production, servicing and marketing of wind power systems. In order to support the marketing activities, it provides preliminary project development services, acquires rights and creates the infrastructure required to construct wind power systems at suitable locations. In line with business activities, the reportable segments are the Projects and Service segments. The prices of deliveries between the individual segments are determined on an arm's length basis. Segment reporting follows the internal reports submitted to the chief operating decision maker, the Management Board of Nordex SE, on the basis of the accounting principles applied to the consolidated financial statements. In the course of the acquisition of Acciona Windpower, the segments were changed from the regions Europe, Asia and America to the divisions Projects and Service. The changes have been applied retrospectively in accordance with IFRS 8.

## GROUP SEGMENT REPORT

EUR thousand	Projects		Service		Not allocated		Consolidation		Group total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Sales .....	3,139,840	2,233,640	271,580	211,978	0	0	-16,387	-15,513	3,395,033	2,430,105
Changes in inventories and other own work capitalised .....	-2,333	-13,522	2,741	-494	0	0	0	0	408	-14,016
Cost of materials .....	-2,468,062	-1,812,468	-107,703	-82,874	0	0	16,387	15,513	-2,559,378	-1,879,829
Other income and expenses .....	-538,661	-313,872	-128,827	-96,152	0	0	0	0	-667,488	-410,024
Earnings before interest and taxes .....	130,784	93,778	37,791	32,458	0	0	0	0	168,575	126,236
Other interest and similar income .....	0	0	0	0	7,404	2,360	0	0	7,404	2,360
Interest and similar expenses .....	0	0	0	0	-34,676	-23,275	0	0	-34,676	-23,275

Non-current assets and sales break down by region as follows:

<u>EUR thousand</u>	<b>Non-current assets<sup>1</sup></b>		<b>Sales</b>	
	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>2016</b>	<b>2015</b>
Europe .....	472,306	256,557	2,338,124	1,963,046
North America .....	33,653	4,572	319,176	255,455
Latin America .....	56,046	737	433,595	29,855
Rest of world .....	38,681	478	304,138	181,749
	<b>600,686</b>	<b>262,344</b>	<b>3,395,033</b>	<b>2,430,105</b>

1 Non-current assets include property, plant and equipment, capitalised R & D expense and other intangible assets.

Further information can be found in the Group management report.

## Notes to the statement of financial position

### *(1) Cash and cash equivalents*

Cash and cash equivalents include cash in hand and sight deposits as well as fixed-term deposits with a rolling original term of between three and twelve months. Utilised current account overdrafts are netted with cash and cash equivalents.

Deposits which are immediately callable are subject to variable interest rates, while fixedterm deposits are invested over terms of between three and twelve months on a roll-over basis depending on the Group's cash requirements and are subject to fixed interest rates.

Cash and cash equivalents amount to EUR 649,464 thousand (2015: EUR 528,973 thousand), EUR 10,000 thousand of which pertains to fixedterm deposits (2015: EUR 180,304 thousand).

Pursuant to IAS 39, cash and cash equivalents are classified as loans and receivables, and pursuant to IFRS 7, as financial assets, measured at (amortised) historical cost. Given the short residual terms to maturity, amortised cost would equal the fair value as in the previous year.

### *(2) Trade receivables and future receivables from construction contracts*

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected within one year or less (or within the normal operating cycle of the business if longer), they are classified as current assets.

Future receivables from construction contracts refer to unfinished orders recognised in accordance with the percentage of completion method provided for in IAS 11. The item comprises the order costs incurred up to the reporting date and the prorated profit on orders realised in accordance with the cost-to-cost method (Nordex) or the milestone concept (Acciona Windpower). Prepayments received are deducted. Nordex has installed a project monitoring system, which reports to project management, to oversee project costs. In addition to initial pricing, this system observes pricing changes during the performance of the contract as well as the final pricing activities.

Receivables break down as follows:

<u>EUR thousand</u>	<b>REPORTING DATE</b>	
	<b>31.12.2016</b>	<b>31.12.2015</b>
Trade receivables (gross) .....	166,433	95,338
Less impairment .....	-6,240	-1,830
Trade receivables (net) .....	160,193	93,508
Future receivables from construction contracts .....	539,234	181,958
	<b>699,427</b>	<b>275,466</b>

Trade receivables are not subject to interest and are generally due for settlement within 30 to 90 days.

As at 31 December 2016, trade receivables had the following maturity structure:

<u>EUR thousand</u>	<b>REPORTING DATE</b>	
	<b>31.12.2016</b>	<b>31.12.2015</b>
Receivables neither overdue nor impaired .....	71,333	51,884
Receivables not impaired but overdue by		
less than 30 days .....	42,891	16,863
31–90 days .....	10,062	3,150
91–180 days .....	8,516	6,802
181–360 days .....	22,801	9,806
361 days and more .....	3,994	4,813
Total receivables overdue but not impaired .....	88,264	41,434
Receivables partially impaired .....	596	190
	<b><u>160,193</u></b>	<b><u>93,508</u></b>

The following impairment was recognised on trade receivables in the year under review and in the previous year:

<u>EUR thousand</u>	<b>REPORTING PERIOD</b>	
	<b>2016</b>	<b>2015</b>
Impairment as at 1.1. ....	1,830	2,353
Utilisations .....	–431	–422
Reversals .....	–1,184	–926
Additions .....	<u>6,025</u>	<u>825</u>
<b>Impairment as at 31.12.</b>	<b><u>6,240</u></b>	<b><u>1,830</u></b>

The impairments were determined based on an individual risk assessment.

Future receivables from construction contracts changed as follows:

<u>EUR thousand</u>	<b>REPORTING DATE</b>	
	<b>31.12.2016</b>	<b>31.12.2015</b>
Accrued contract costs and pro-rated realised order profits .....	2,865,615	2,341,077
Less prepayments received .....	<u>–2,326,381</u>	<u>–2,159,119</u>
	<b><u>539,234</u></b>	<b><u>181,958</u></b>

The maximum credit exposure on the reporting date equals the carrying amount of the receivables.

Retentions by customers are usually associated with punch lists not yet completed and largely refer to final payments outstanding for more than 60 days. Such retentions amount to EUR 17,702 thousand (2015: EUR 14,342 thousand).

No impairment was recognised in 2016 on future receivables from construction contracts in the scope of measuring long-term construction contracts (2015: EUR 14,515 thousand).

Pursuant to IAS 39, trade receivables and future receivables from construction contracts are classified as loans and receivables, and pursuant to IFRS 7, as financial assets measured at (amortised) cost. Amortised cost would equal the fair value, as in the previous year.

### **(3) Inventories**

Generally, the average method is used to calculate historical cost. The production costs include full costs calculated on the basis of normal capacity utilisation.

Suitable adjustments are made to allow for any inventory risks in connection with reduced merchantability.

Inventories break down as follows:

<u>EUR thousand</u>	<u>REPORTING DATE</u>	
	<u>31.12.2016</u>	<u>31.12.2015</u>
Raw materials and supplies .....	141,261	159,397
Work in progress .....	27,594	49,861
Prepayments made .....	28,623	9,351
	<u>197,478</u>	<u>218,609</u>

Raw materials and supplies primarily comprise production and service material.

Work in progress relates to wind power systems components under construction as well as advance outlays for project development, rights and infrastructure of EUR 1,640 thousand (2015: EUR 872 thousand) not due for completion until after 2017.

The carrying amount of the inventories includes the following impairment adjustments:

<u>EUR thousand</u>	<u>REPORTING PERIOD</u>	
	<u>2016</u>	<u>2015</u>
Impairment as at 1.1. ....	31,277	28,062
Utilisations .....	-3,485	-519
Reversals .....	-964	-1,054
Additions .....	27,160	4,788
<b>Impairment as at 31.12.</b> .....	<u><b>53,988</b></u>	<u><b>31,277</b></u>

Utilisation of impairment is related specifically to reductions in aged inventories, while additions refer primarily to inventories with limited usability.

The carrying amount of the impaired inventories stands at EUR 9,031 thousand (2015: EUR 9,175 thousand).

#### ***(4) Income tax receivables and payables***

Receivables from income tax of EUR 8,405 thousand (2015: EUR 4,837 thousand) mainly come from Acciona Windpower Brasil – Comércio, Indústria, Exportação e Importação de Equipamentos para Geração de Energia Eólica Ltda. while the income tax payable of EUR 31,526 thousand (2015: EUR 11,900 thousand) mainly comes from the companies included in the domestic tax group, Nordex SE and Nordex Energy GmbH as well as Nordex France S.A.S. and Acciona Windpower Mexico S. de R.L. de C.V.

#### ***(5) Other current financial assets***

Other current financial assets break down as follows:

<u>EUR thousand</u>	<u>REPORTING DATE</u>	
	<u>31.12.2016</u>	<u>31.12.2015</u>
Receivables from non-consolidated affiliated companies, investments and associates .....	13,564	12,051
Insurance and compensation claims .....	11,291	19,559
Forward exchange transactions .....	6,630	3,514
Creditors with debit accounts .....	3,394	1,379
Deposits / collateral .....	2,665	1,913
Bonus claims against suppliers .....	293	268
Loans to non-consolidated affiliated companies and investments .....	156	259
Impairment .....	0	-2
Other .....	3,217	3,171
	<u>41,210</u>	<u>42,112</u>

Receivables from non-consolidated affiliated companies, investments and associates comprise the delivery of goods and services and particularly also finance for project companies. As in the previous year, they have residual terms to maturity of less than one year.

Pursuant to IAS 39, receivables recognised in other current financial assets are classified as loans and receivables, and pursuant to IFRS 7, as financial assets measured at (amortised) cost. Given the short residual terms to maturity, amortised cost amounting to EUR 34,580 thousand (2015: EUR 38,598 thousand) would equal the fair value as in the previous year.

Pursuant to IAS 39, the forward exchange transactions (fair value hedges) reported in other current financial assets are classified as financial assets held for trading, and pursuant to IFRS 7, as financial assets measured at fair value. The fair value amounts to EUR 928 thousand (2015: EUR 88 thousand). The forward rates and prices are calculated on the basis of the spot price on the reporting date in the light of any discounts or premiums for the remaining term of the contract.

The forward exchange transactions reported in other current financial assets in the scope of hedge accounting (cash flow hedges) are not subject to the measurement categories as per IAS 39. Pursuant to IFRS 7, they are classified as effective hedges measured at fair value. The fair value amounts to EUR 5,702 thousand (2015: EUR 3,426 thousand).

#### **(6) Other current non-financial assets**

Other current non-financial assets break down as follows:

<b>EUR thousand</b>	<b>REPORTING DATE</b>	
	<b>31.12.2016</b>	<b>31.12.2015</b>
Tax refund claims . . . . .	108,282	51,114
Prepaid expenses . . . . .	11,046	11,526
Transportation equipment . . . . .	2,343	3,364
Government grants . . . . .	0	1,091
Claims against suppliers . . . . .	0	158
Other . . . . .	1,486	1,703
	<b>123,157</b>	<b>68,956</b>

The tax refund claims pertain primarily to input tax refund claims of Acciona Windpower Brasil – Comércio, Indústria, Exportação e Importação de Equipamentos para Geração de Energia Eólica Ltda. in the amount of EUR 28,835 thousand (2015: EUR 0), of Nordex Energy GmbH in the amount of EUR 21,874 thousand (2015: EUR 17,329 thousand), of Acciona Windpower S.A. in the amount of EUR 13,252 thousand (2015: EUR 0), of Nordex Enerji A.S. in the amount of EUR 11,242 thousand (2015: EUR 13,806 thousand) and of NordexEnergy Uruguay S.A. in the amount of EUR 8,610 thousand (2015: EUR 3,556 thousand).

Prepaid expenses chiefly comprise costs pertaining to other periods for the multi-currency guarantee facility.

#### **(7) Property, plant and equipment**

Property, plant and equipment are recognised at historical cost and, where subject to wear and tear, written down on a scheduled basis. Historical cost includes costs directly attributable to acquisition or construction.

In accordance with IAS 20.24, government grants and assistance received for the purpose of acquiring non-current assets are deducted from historical cost.

Depreciation is calculated on a straight-line basis over the expected useful life of the asset. For this purpose, the historical cost is written down to the residual carrying amount over the expected useful life of the assets as follows:

	<b>Useful life</b>	<b>Depreciation rate</b>
Land and buildings (depreciation calculated for buildings only) . . . . .	10–33 years	3–10%
Technical equipment and machinery . . . . .	3–25 years	4–33.33%
Tools and equipment . . . . .	2–18 years	5.56–50%



Property, plant and equipment breaks down as follows:

<u>EUR thousand</u>	<u>REPORTING DATE</u>	
	<u>31.12.2016</u>	<u>31.12.2015</u>
Land and buildings . . . . .	93,582	52,260
Technical equipment and machinery . . . . .	113,743	64,146
Other fixtures and fittings, tools and equipment . . . . .	38,005	28,056
Prepayments made and assets under construction . . . . .	21,039	1,152
	<b><u>266,369</u></b>	<b><u>145,614</u></b>

Two office buildings in Jhimpir / Pakistan in the amount of EUR 1,322 thousand (2015: EUR 0) attributable to the Nordex Group from finance leases are also disclosed under Land and buildings. The leases run until 1 October 2017 and 1 December 2017.

In 2014, Nordex also received a government grant to expand its facility in Rostock. The assets for which the grant is provided must be retained in the facility in question for a period of five years after the completion of the expansion project. In addition, an annual average of around 1,126 jobs must be maintained permanently during this period. The government grant of EUR 993 thousand (2015: EUR 2.692 thousand) received in 2016 was deducted from the historical cost.

Government grants for the acquisition of additional production assets at the Rostock site in the amount of EUR 865 thousand (2015: EUR 0) were likewise deducted from historical costs.

For a detailed overview of movements in property, plant and equipment we refer to the statement of changes in property, plant and equipment and intangible assets.

#### ***(8) Goodwill***

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired company on the date of acquisition.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. Once per year at year-end the Group tests whether goodwill is impaired at the level of the Projects and Service segments (impairment only approach). Concerning the change of segment reporting, please see the Group segment report.

The recoverable amount or the fair value less cost of sale for these two segments is calculated based on the budget for 2017 as well as four subsequent budget years derived from the company's medium-term forecasts. Income beyond the five-year period has been extrapolated based on a steady growth rate of 1.00% (2015: 1.00%). The fair value determined for both segments is assigned to Level 3 in the fair value hierarchy.

The discount rate before tax is 8.92% for the Projects segment and 9.55% for the Service segment (2015 for the Europe segment: 11.29%) and is calculated on the basis of the weighted average cost of capital (WACC). The discount rate is based on a risk-free interest rate of 0.66% (2015: 0.73%), a market risk premium of 6.5% (2015: 6.5%) and a beta factor of 1.39 (2015: 1.81). The beta factor and the ratio of the market value of equity capital to the market value of debt capital were determined using a segment-specific peer group.

Goodwill amounts to EUR 547,758 thousand (2015: EUR 9,960 thousand) with EUR 504,595 thousand in the Projects segment and EUR 43,163 thousand in the Service segment (2015: EUR 9,960 thousand in the Europe segment). EUR 537,798 thousand thereof results from the purchase price allocation for Acciona Windpower. For further information on the purchase price allocation we refer to the section on the group of consolidated companies.

As in the previous year, no impairment losses were recorded in 2016 as the recoverable value of the Projects and Service segments was higher than the carrying amount of their assets plus the carrying amount of the goodwill of both segments.

An increase or decrease in the WACC by 0.5 percentage points as well as an increase or decrease by 0.5 percentage points of the growth discount would not lead to any impairment in either the Projects segment or the Service segment.

For a detailed overview of movements in goodwill we refer to the statement of changes in property, plant and equipment and intangible assets.

#### ***(9) Capitalised R & D expense***

The cost of production for such assets includes all costs directly attributable to the production process as well as the production-related overheads and borrowing costs. Borrowing costs that are directly attributable to the production of a qualifying asset are capitalised until all work required to ready the asset for its intended use has been largely completed; otherwise they are recognised as expense in the period, in which they accrue. A qualifying asset is one whose production takes more than one year. Furthermore, R & D expenses may only be capitalised if the company is in a position to and intends to complete and use the asset, and is able to prove how the asset will in future generate an economic benefit. The capitalised R & D expenses acquired in connection with the Acciona Windpower merger were measured at fair value.

Capitalised R & D expenses are written down on a straight line basis over the period in which the project is expected to generate sales, but no longer than five years. Furthermore, the Group reviews the recognised value of the capitalised R & D expenses once a year; an impairment is recognised for any R & D measures that are found to be technically outdated.

As at the reporting date, R & D expenses of EUR 219,701 thousand (2015: EUR 110,933 thousand) were capitalised. In the 2016 financial year, R & D expenses worth EUR 183,095 thousand (2015: EUR 30,949 thousand) were capitalised, EUR 149,327 thousand of which pertain to the first-time consolidation of Acciona Windpower. Other additions of EUR 33,768 thousand comprise in particular the further development of the current Generation Delta wind turbine types N117 and N131. The additions include borrowing costs of EUR 1,117 thousand (2015: EUR 1,952 thousand) at a borrowing rate of 2.16% (2015: 6.37%). The decline in the borrowing rate results from the repayment of the corporate bond and the Schuldschein loan received and the accompanying lower interest rate. Additional R & D expenses of EUR 43,867 thousand also arising in 2016 (2015: EUR 28,452 thousand) did not meet the criteria for capitalisation and were therefore recorded in profit and loss.

For a detailed overview of movements in capitalised R & D expenses we refer to the statement of changes in property, plant and equipment and intangible assets.

#### ***(10) Other intangible assets***

Assets that have defined useful lives are reported at historical cost less cumulative amortisation.

Amortisation is calculated on a straight-line basis over the expected useful life of the assets, which are deemed to end no later than upon the expiry of the corresponding right. The following useful lives are assumed for this purpose:

	<u>Useful life</u>	<u>Depreciation rate</u>
Licenses, software and similar rights . . . . .	2–5 years	20–50%

Other intangible assets amount to EUR 114,615 thousand (2015: EUR 5,796 thousand) as at the reporting date.

For a detailed overview of movements in other intangible assets we refer to the statement of changes in property, plant and equipment and intangible assets.

#### ***(11) Financial assets***

The financial assets include investments in affiliated non-consolidated companies and investments. Investments in affiliated non-consolidated companies refers to companies that are controlled by the Group but are insignificant. Investments refers to companies that are not controlled by the Group. They are valued at historical cost as there is no active market and it is therefore not possible to determine a reliable fair value.

Financial assets break down as follows:

<u>EUR thousand</u>	REPORTING DATE	
	31.12.2016	31.12.2015
Investments in affiliated non-consolidated companies .....	2,264	1,817
Investments .....	161	362
	<u>2,425</u>	<u>2,179</u>

Shares are held in the following affiliated non-consolidated companies:

<u>EUR thousand</u>	REPORTING DATE	
	31.12.2016	31.12.2015
Project companies .....	2,214	1,767
natcon7 GmbH, Hamburg .....	25	25
Nordex Windpark Verwaltung GmbH, Hamburg .....	25	25
	<u>2,264</u>	<u>1,817</u>

The project companies hold various rights in connection with internally developed wind power projects, in particular construction permits and power purchase agreements. Seventeen project companies were established in 2016 (2015: eight) and two project companies were sold (2015: four). Impairment adjustments amounted to EUR 14 thousand (2015: EUR 0).

The purpose of natcon7 GmbH is to develop, structure and market operations management, control and visualisation systems for decentralised energy production equipment including related services.

The purpose of Nordex Windpark Verwaltung GmbH is to acquire and manage investments in trading companies whose purpose is particularly to acquire, develop, install and operate wind farms and to assume personal liability and management responsibility for such entities.

Investments are held in the following entities:

<u>EUR thousand</u>	REPORTING DATE	
	31.12.2016	31.12.2015
K/S Whitewater Wind Power Invest I, Fredensborg/Denmark, Komplementarselskabet Whitewater Invest I ApS, Helsingør/Denmark .....	91	91
K/S Whitewater Wind Power Invest VII, Fredensborg/Denmark, Komplementarselskabet Whitewater Invest VII ApS, Helsingør/Denmark .....	37	37
K/S Whitewater Wind Power Invest VIII, Fredensborg/Denmark, Komplementarselskabet Whitewater Invest VIII ApS, Helsingør/Denmark .....	31	31
Éoliennes de la Vallée S.A.S., Amiens/France .....	1	1
Vent d'est S.à r.l., Paris/France .....	1	1
Vent Local S.A.S., Vienne/France <sup>1</sup> .....	0	201
	<u>161</u>	<u>362</u>

<sup>1</sup> Vent Local S.A.S. was sold in the year under review.

The purpose of K/S Whitewater Wind Power Invest I, Komplementarselskabet Whitewater Invest I ApS, K/S Whitewater Wind Power Invest VII, Komplementarselskabet Whitewater Invest VII ApS and K/S Whitewater Wind Power Invest VIII, Komplementarselskabet Whitewater Invest VIII ApS is to operate wind farms.

Éoliennes de la Vallée S.A.S. and Vent d'est S.à r.l. have no noteworthy business operations.

None of the shares are listed. There was no intention to sell as at 31 December 2016.

Further details on shareholdings can be found in the enclosed list of shareholdings as at 31 December 2016.

Pursuant to IAS 39, financial assets are classified as financial assets available for sale, and pursuant to IFRS 7, as financial assets measured at (amortised) cost. As in the previous year, the fair value cannot be determined reliably as there is no active market, therefore they are measured at cost.

### **(12) Investments in associates**

Associates are all entities over which the Group has a significant influence but not control, generally accompanied by a shareholding of between 20% and 50% of the voting rights. They are measured using the equity method of accounting.

Investments in associates break down as follows:

<b>EUR thousand</b>	<b>REPORTING DATE</b>	
	<b>31.12.2016</b>	<b>31.12.2015</b>
KNK Wind GmbH, Frankfurt am Main .....	3,243	3,325
C & C Wind Sp. z o.o., Natolin / Poland .....	2,682	3,432
GN Renewable Investments S.à r.l., Luxembourg / Luxembourg .....	764	1,732
Way Wind LLC, Nebraska / United States <sup>1</sup> .....	0	182
Beebe Renewable Energy 2, LLC, Delaware / United States <sup>1</sup> .....	0	28
	<b>6,689</b>	<b>8,699</b>

<sup>1</sup> Way Wind LLC and Beebe Renewable Energy 2, LLC were sold in the financial year under review.

The purpose of KNK Wind GmbH is to plan, develop, install and operate offshore wind power plants, particularly the offshore wind power project Arcadis Ost 1.

C & C Wind Sp. z o.o. is responsible for installing and operating a wind farm in Poland.

GN Renewable Investments S.à r.l. is responsible for arranging the funding of project companies.

The following table sets out the financial information on the non-listed associates:

<b>2016</b>	<b>GN Renewable Investments S.à r.l.</b>		
<b>EUR thousand</b>	<b>KNK Wind GmbH</b>	<b>C&amp;C Wind Sp. z o.o.</b>	<b>Investments S.à r.l.</b>
Current assets <sup>1</sup> .....	244	3,589	15,114
Non-current assets <sup>1</sup> .....	15,711	51,720	3
Current liabilities <sup>1</sup> .....	14,606	2,194	11,641
Non-current liabilities <sup>1</sup> .....	0	36,110	931
Revenue <sup>1</sup> .....	378	9,426	12,577
Profit / loss <sup>1</sup> .....	-531	-1,331	3,575
Shareholding .....	38.89%	40.00%	30.00%

<sup>1</sup> Provisional financial statements as at 31.12.2016.

<b>2015</b>	<b>GN Renewable Investments S.à r.l.</b>		
<b>EUR thousand</b>	<b>KNK Wind GmbH</b>	<b>C&amp;C Wind Sp. z o.o.</b>	<b>Investments S.à r.l.</b>
Current assets <sup>1</sup> .....	81	5,946	29,058
Non-current assets <sup>1</sup> .....	13,961	65,530	78
Current liabilities <sup>1</sup> .....	12,482	29,946	22,103
Non-current liabilities <sup>1</sup> .....	0	22,373	0
Revenue <sup>1</sup> .....	5	6,121	7,509
Profit / loss <sup>1</sup> .....	-1,096	92	6,437
Shareholding .....	38.89%	40.00%	30.00%

<sup>1</sup> Provisional financial statements as at 31.12.2015.

This financial information is reconciled with the carrying amounts of the investments as follows:

<b>2016</b> <b>EUR thousand</b>	<b>KNK Wind GmbH</b>	<b>C&amp;C Wind Sp. z o.o.</b>	<b>GN Renewable Investments S.à r.l.</b>
Net assets as at 1.1. <sup>1</sup>	1,560	19,157	7,033
Profit / loss <sup>2</sup>	-531	-1,331	3,575
Other changes in net assets <sup>2</sup>	320	-821	-8,063
Net assets as at 31.12. <sup>2</sup>	1,349	17,005	2,545
Shareholding in %	38.89%	40.00%	30.00%
Shareholding in EUR thousand	525	6,802	764
Goodwill	6,124	0	0
Elimination of intragroup transactions	0	-4,120	0
Impairment	-3,406	0	0
<b>Carrying amount as at 31.12.</b>	<b><u>3,243</u></b>	<b><u>2,682</u></b>	<b><u>764</u></b>

1 Provisional financial statements as at 31.12.2015.

2 Provisional financial statements as at 31.12.2016.

<b>2015</b> <b>EUR thousand</b>	<b>KNK Wind GmbH</b>	<b>C&amp;C Wind Sp. z o.o.</b>	<b>GN Renewable Investments S.à r.l.</b>
Net assets as at 1.1. <sup>1</sup>	2,656	19,613	599
Profit / loss <sup>2</sup>	-1,096	92	6,437
Other changes in net assets <sup>2</sup>	0	-548	-3
Net assets as at 31.12. <sup>2</sup>	1,560	19,157	7,033
Shareholding in %	38.89%	40.00%	30.00%
Shareholding in EUR thousand	607	7,663	2,110
Goodwill	6,124	0	0
Elimination of intragroup transactions	0	-4,231	-378
Impairment	-3,406	0	0
<b>Carrying amount as at 31.12.</b>	<b><u>3,325</u></b>	<b><u>3,432</u></b>	<b><u>1,732</u></b>

1 Provisional financial statements as at 31.12.2014.

2 Provisional financial statements as at 31.12.2015.

Other changes in net assets comprise equity transactions, differences between the provisional and audited annual financial statements and translation differences.

There are no contingent liabilities in connection with the investments in associates.

Further details on shareholdings can be found in the enclosed list of shareholdings as at 31 December 2016.

### **(13) Other non-current financial assets**

Other non-current financial assets break down as follows:

<b>EUR thousand</b>	<b>REPORTING DATE</b>	
	<b>31.12.2016</b>	<b>31.12.2015</b>
Loans to non-consolidated affiliated companies and investments	2,481	2,426
Deposits	791	309
Loans	131	131
	<b><u>3,403</u></b>	<b><u>2,866</u></b>

Pursuant to IAS 39, receivables recognised in other non-current financial assets are classified as loans and receivables, and pursuant to IFRS 7, as financial assets measured at (amortised) cost; there are no forward exchange transactions. Given the fact that interest is imposed at market rate as in the previous year, amortised cost would equal the fair value.

#### ***(14) Other non-current non-financial assets***

Other non-current non-financial assets amount to EUR 38 thousand (2015: EUR 28 thousand). They pertain to prepayments for leased vehicles.

#### ***(15) Deferred tax assets and tax liabilities***

As the parent company, Nordex SE recognises deferred tax assets on unused tax losses. Deferred tax assets are calculated on the basis of medium-term forecasts for the German part of the Nordex Group. The forecast period for the probability of unused tax losses being utilised continues to be five years.

The non-domestic subsidiaries within the Nordex Group recognise deferred tax assets for unused tax losses in the light of the national tax rates and make allowance for any restrictions in the length of time in which the tax losses may be utilised. Deferred tax assets are calculated on the basis of the medium-term forecasts for the subsidiary in question.

Deferred tax assets and liabilities are netted in cases in which there is an enforceable netting right and the deferred tax assets and liabilities are levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

As at 31 December 2016, a tax rate of 32.12% (2015: 32.12%) was applied for the purpose of calculating the domestic deferred tax. Deferred tax assets for domestic unused tax losses were calculated using a tax rate of 15.83% (2015: 15.83%) including the solidarity surcharge for corporate tax and 16.29% (2015: 16.29%) for trade tax.

The deferred tax assets and liabilities arising in connection with recognition and measurement differences in the following items of the statement of financial position and unused tax losses break down as follows:

<b>EUR thousand</b>	<b>Deferred income tax assets</b>		<b>Deferred income tax liabilities</b>	
	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>31.12.2016</b>	<b>31.12.2015</b>
Future receivables from construction contracts . . . . .	0	0	87,479	50,462
Property, plant and equipment / intangible assets . . . . .	5,265	3,078	104,473	36,322
Other assets . . . . .	4,571	8,370	13,952	14,862
Provisions . . . . .	39,870	5,329	1,341	1,527
Other liabilities . . . . .	70,127	13,523	12,306	16,529
Unused tax losses . . . . .	79,242	69,145	0	0
	<b>199,075</b>	<b>99,445</b>	<b>219,551</b>	<b>119,702</b>
Netting . . . . .	-85,000	-64,345	-85,000	-64,345
	<b>114,075</b>	<b>35,100</b>	<b>134,551</b>	<b>55,357</b>

The Management Board currently estimates that the existing unused corporate tax losses of EUR 82,652 thousand (2015: EUR 125,322 thousand) and unused trade tax losses of EUR 75,872 thousand (2015: EUR 120,783 thousand) will be fully utilized. The relevant legislation does not stipulate any maximum period in which losses must be utilized in Germany.

The Nordex Group has the following unused tax losses for which no deferred income tax assets have been set aside.

<b>EUR thousand</b>	<b>REPORTING DATE</b>	
	<b>31.12.2016</b>	<b>31.12.2015</b>
Forfeitable in less than 1 year . . . . .	17,280	10,706
Forfeitable within 2 to 5 years . . . . .	51,929	40,785
Forfeitable within 6 to 9 years . . . . .	6,919	8,014
Forfeitable in more than 9 years . . . . .	0	6,374
Non-forfeitable . . . . .	85,031	45,286
	<b>161,159</b>	<b>111,165</b>



Deferred tax assets of EUR 79,270 thousand (2015: EUR 31,467 thousand) have been recognised for subsidiaries which sustained losses in the previous year or the period under review as they are likely to be realised on the basis of future tax result planning.

No deferred tax liabilities were recognised on temporary differences of EUR 14,686 thousand (2015: EUR 11,887 thousand) in connection with shares in subsidiaries as these temporary differences are unlikely to reverse in the foreseeable future.

The deferred tax assets include non-current deferred tax assets before netting of EUR 55,024 thousand (2015: EUR 60,410 thousand). Of the deferred tax liabilities, an amount of EUR 105,323 thousand (2015: EUR 38,529 thousand) is attributable to the non-current portion of the deferred tax liabilities before netting.

The changes in deferred tax break down as follows:

<u>EUR thousand</u>	<b>REPORTING PERIOD</b>	
	<b>2016</b>	<b>2015</b>
Amount on 1.1. ....	-20,257	13,989
Assumed in the acquisition of Acciona Windpower ....	52,380	0
From the purchase price allocation of Acciona Windpower ....	-54,648	0
Recognised through profit or loss ....	3,441	-32,338
Recognised in other comprehensive income ....	-196	-2,274
Currency translation ....	-1,196	366
<b>Amount on 31.12. ....</b>	<b>-20,476</b>	<b>-20,257</b>

#### ***(16) Liabilities to banks***

Liabilities to banks are measured at amortised cost less transaction costs using the effective interest method.

More detailed information on the liabilities to banks is provided in the section on debt instruments.

<u>Maturity schedule including interest due in the future (without forward exchange transactions) EUR thousand</u>	<u>Less than 3 months</u>	<u>3 to 12 months</u>	<u>1 to 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
<b>31.12.2016</b> .....	7,354	16,775	606,182	56,323	686,634
<b>31.12.2015</b> .....	3,763	3,723	28,349	19,587	55,422

Pursuant to IAS 39, liabilities to banks are classified as financial liabilities at amortised cost, and pursuant to IFRS 7, as financial liabilities measured at amortised cost. The fair value would amount to EUR 648,690 thousand (2015: EUR 50,737 thousand), of which EUR 20,490 thousand (2015: EUR 7,415 thousand) would be classified as current.

#### ***(17) Trade payables***

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer).

Trade payables amount to EUR 377,323 thousand (2015: EUR 254,926 thousand).

Pursuant to IAS 39, trade payables are classified as financial liabilities at amortised cost, and pursuant to IFRS 7, as financial liabilities measured at amortised cost. Given the short residual terms to maturity, amortised cost would equal the fair value as in the previous year.

#### ***(18) Other provisions***

Provisions are recognised if the Group has a present legal or actual obligation as a result of a past event, it is more likely than not that an outflow of resources embodying economic benefits will be necessary to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are calculated on the basis of prudent estimates accounting for all discernible risks at the level of their probable occurrence. Provisions

are recognised at the present value of the expenditure expected to be required to settle the obligation discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

<b>Maturity schedule</b> <b>EUR thousand</b>	<b>Less than</b> <b>3 months</b>	<b>3 to</b> <b>12 months</b>	<b>1 to</b> <b>5 years</b>	<b>More than</b> <b>5 years</b>	<b>Total</b>
<b>31.12.2016</b> .....	372,505	4,818	0	0	377,323
<b>31.12.2015</b> .....	248,973	5,953	0	0	254,926

Movements in other provisions break down as follows:

<b>EUR thousand</b>	<b>1.1.2016</b>	<b>Utilisations</b>	<b>Reversals</b>	<b>Additions</b>	<b>First-time consolidation</b>	<b>REPORTING DATE</b>
						<b>31.12.2016</b>
Individual guarantees .....	64,099	-27,566	-1,070	50,501	58,630	144,594
Warranties, service, maintenance .....	19,137	-9,058	-44,590	29,055	51,606	46,150
Others .....	5,872	-875	-949	1,353	10,664	16,065
	<b>89,108</b>	<b>-37,499</b>	<b>-46,609</b>	<b>80,909</b>	<b>120,900</b>	<b>206,809</b>

The provisions for individual guarantees predominantly cover risks arising from possible claims for damages.

The warranty provisions are utilised in accordance with statutory or contractual periods.

Other provisions chiefly cover risks in connection with suppliers, project risks and the cost of preparing the annual financial statements and the costs of proceedings.

Other provisions comprise other non-current provisions of EUR 43,564 thousand (2015: EUR 22,617 thousand), which are expected to be utilised after the end of the 2017 financial year. The amount derived from discounting the non-current provisions of EUR -3,340 thousand (2015: EUR -714 thousand) is reported within the additions.

#### **(19) Other current financial liabilities**

Other current financial liabilities break down as follows:

<b>EUR thousand</b>	<b>REPORTING DATE</b>	
	<b>31.12.2016</b>	<b>31.12.2015</b>
Invoices outstanding .....	120,110	20,164
Forward exchange transactions .....	10,678	2,605
Liabilities to non-consolidated affiliated companies .....	4,069	2,756
Debtors with credit balances .....	1,939	6
Loans .....	707	0
Finance leasing .....	501	0
Corporate bond .....	0	156,681
Other .....	1,157	1,990
	<b>139,161</b>	<b>184,202</b>

The corporate bond amounting to EUR 150,000 thousand was repaid on 12 April 2016.

<b>Maturity schedule including interest due in the future</b> <b>(without forward exchange transactions)</b> <b>EUR thousand</b>	<b>Less than</b> <b>3 months</b>	<b>3 to</b> <b>12 months</b>	<b>1 to</b> <b>5 years</b>	<b>More than</b> <b>5 years</b>	<b>Total</b>
<b>31.12.2016</b> .....	126,796	1,687	0	0	128,483
<b>31.12.2015</b> .....	24,059	160,420	0	0	184,479

Pursuant to IAS 39, liabilities recognised under other current financial liabilities are classified as financial liabilities at amortised cost, and pursuant to IFRS 7, as financial liabilities measured at amortised cost. Given the short residual terms to maturity, amortised cost of EUR 128,483 thousand (2015: EUR 181,597 thousand) would equal the fair value (2015: based on the share price of the bond as at the reporting date of 101.25%, the fair value would amount to EUR 183,472 thousand).

Pursuant to IAS 39, the forward exchange transactions (fair value hedges) reported in other current financial liabilities are classified as financial liabilities held for trading, and pursuant to IFRS 7, as financial liabilities measured at fair value. The fair value amounts to EUR 2,695 thousand (2015: EUR 699 thousand). The forward rates and prices are calculated on the basis of the spot price on the reporting date in the light of any discounts or premiums for the remaining term of the contract.

The forward exchange transactions reported in other current financial liabilities in the scope of hedge accounting (cash flow hedges) are not subject to the measurement categories as per IAS 39. Pursuant to IFRS 7, they are classified as effective hedges measured at fair value. The fair value amounts to EUR 7,983 thousand (2015: EUR 1,906 thousand).

## **(20) Other current non-financial liabilities**

Other current non-financial liabilities break down as follows:

<u>EUR thousand</u>	<b>REPORTING DATE</b>	
	<b>31.12.2016</b>	<b>31.12.2015</b>
Prepayments received .....	372,895	268,402
Accruals .....	75,790	44,115
Prepaid expenses .....	33,881	23,785
Other tax payables .....	26,793	15,274
Liabilities for social security .....	2,826	1,104
Other .....	2,112	815
	<b>514,297</b>	<b>353,495</b>

Accruals primarily comprise liabilities in connection with staff of EUR 38,880 thousand (2015: EUR 19,853 thousand) and trailing project costs of EUR 24,144 thousand (2015: EUR 16,788 thousand).

Deferred income chiefly entails income received in advance under service contracts concluded with customers.

The tax payable mainly comprises value added tax of EUR 20,474 thousand (2015: EUR 14,048 thousand) and outstanding church and payroll tax of EUR 3,150 thousand (2015: EUR 2,657 thousand).

## **(21) Pensions and similar obligations**

Pension provisions are set aside to cover defined benefit obligations towards eligible active and former employees at Nordex SE and Nordex Energy GmbH. A defined benefit plan determines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The benefits are based on individual commitments. The employees are not required to make any contribution of their own. The provisions on the statement of financial position for defined benefit plans correspond to the present value of the defined benefit obligation (DBO) as at the reporting date. The DBOs are calculated annually by independent actuarial experts using the projected unit credit method. The present value of the DBOs is calculated by discounting the expected future outflows of funds with the interest rate of investment-grade corporate bonds. The corporate bonds are denominated in the currencies in which the benefits are paid and with maturities matching those of the pension obligations. Actuarial gains and losses based on historical adjustments and changes to actuarial assumptions are recorded in equity in other comprehensive income in the period in which they arise. Pension provisions are not externally funded.

They are shown on the statement of financial position as follows:

<u>EUR thousand</u>	REPORTING PERIOD	
	2016	2015
Obligation as at 1.1. ....	1,731	1,786
Current service cost .....	94	112
Interest expense .....	24	24
Retirement benefit payments .....	-46	-48
Actuarial losses / gains .....	63	-143
of which from changes in demographic assumptions .....	0	0
of which from changes in actuarial assumptions .....	98	-54
of which adjustments based on historical data .....	-35	-89
	<u>1,866</u>	<u>1,731</u>

The obligation as at 31 December equals the amount shown on the statement of financial position.

The following amounts were recognised in the income statement:

<u>EUR thousand</u>	REPORTING PERIOD	
	2016	2015
Current service cost .....	94	112
Interest expense .....	24	24
	<u>118</u>	<u>136</u>

Other comprehensive income breaks down as follows:

<u>EUR thousand</u>	REPORTING PERIOD	
	2016	2015
Actuarial losses / gains .....	63	-143
	<u>63</u>	<u>-143</u>

Annual retirement benefit payments of EUR 46 thousand (2015: EUR 46 thousand) are expected in future years.

The calculation is based on the following actuarial assumptions:

<u>EUR thousand</u>	REPORTING PERIOD	
	2016	2015
Calculatory interest rate .....	1.60%	2.28%
Wage and salary trend .....	n/a	n/a
Pension trend .....	2.00%	2.00%

If the interest rate applied were 0.5 percentage points higher, the obligation would drop to EUR 1,793 thousand (2015: EUR 1,661 thousand). If the interest rate applied were 0.5 percentage points lower, the obligation would increase to EUR 1,947 thousand (2015: EUR 1,807 thousand).

The obligations have terms between 13 and 15 years. (2015: 13 years)

The statistical probability data set out in the Prof. Dr Heubeck 2005 G mortality tables was used as the biometric basis for calculations.

Pensions and similar obligations are not subject to IAS 39. They are measured at fair value.

**(22) Other non-current financial liabilities**

Other non-current financial liabilities break down as follows:

<u>EUR thousand</u>	<b>REPORTING DATE</b>	
	<u>31.12.2016</u>	<u>31.12.2015</u>
Loans .....	3,143	0
Other .....	<u>5</u>	<u>0</u>
	<b><u>3,148</u></b>	<b><u>0</u></b>

<u>Maturity schedule EUR thousand</u>	<u>Less than 3 months</u>	<u>3 to 12 months</u>	<u>1 to 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
31.12.2016 .....	0	0	3,148	0	3,148
31.12.2015 .....	0	0	0	0	0

Pursuant to IAS 39, liabilities recognised in other non-current financial liabilities are classified as financial liabilities at amortised cost, and pursuant to IFRS 7, as financial liabilities measured at amortised cost; there are no forward exchange transactions. Given the fact that interest is imposed at market rate as in the previous year, amortised cost would equal the fair value.

**(23) Other non-current non-financial liabilities**

Other non-current non-financial liabilities break down as follows:

<u>EUR thousand</u>	<b>REPORTING DATE</b>	
	<u>31.12.2016</u>	<u>31.12.2015</u>
Prepaid expenses .....	1,385	1,719
Accruals .....	<u>812</u>	<u>1,771</u>
	<b><u>2,197</u></b>	<b><u>3,490</u></b>

Deferred income pertains to income received in advance under service contracts concluded with customers.

Accruals relate to trailing project costs.

**(24) Equity capital**

The equity capital breaks down as follows:

<u>EUR thousand</u>	<b>REPORTING DATE</b>	
	<u>31.12.2016</u>	<u>31.12.2015</u>
Subscribed capital .....	96,982	80,882
Share premium .....	597,626	229,114
Other retained earnings .....	23,694	-10,961
Cash flow hedges .....	2,187	1,730
Foreign currency adjustment item .....	9,686	5,651
Consolidated net profit carried forward .....	209,836	149,181
Consolidated net profit .....	0	0
Share in equity attributable to parent company's shareholders .....	<u>940,011</u>	<u>455,597</u>
	<b><u>940,011</u></b>	<b><u>455,597</u></b>

Subscribed capital amounts to EUR 96,982,447 (2015: EUR 80,882,447) and is divided into 96,982,447 (2015: 80,882,447) fully paid-up no-par-value shares, each with a notional share in capital of EUR 1. On 5 April 2016, Nordex SE exercised its Authorised Capital as per the Articles of Incorporation and performed a EUR 16,100,000 capital increase by issuing 16.1 million new bearer shares under simultaneous exclusion of

subscription rights. The new shares were issued to Acciona for the business combination with Acciona Windpower. The premium of EUR 369,012 thousand on the issue price of EUR 23.92 per share (market price as at the first-time consolidation) was allocated to the share premium item after deduction of the transaction costs associated with the capital increase. The share premium item stands at EUR 597,626 thousand (2015: EUR 229,114 thousand) and contains additional premiums from other capital increases amounting to EUR 112,404 thousand (2015: EUR 112,404 thousand).

The following table shows the changes in the cash flow hedge reserve:

<u>EUR thousand</u>	<b>REPORTING DATE</b>	
	<b>31.12.2016</b>	<b>31.12.2015</b>
Amount on 1.1. ....	1,730	-2,901
Reversals .....	-1,466	4,785
Additions .....	2,139	2,030
Deferred tax .....	-216	-2,184
<b>Amount on 31.12.</b> .....	<b>2,187</b>	<b>1,730</b>

In the year under review, the cumulative losses of EUR 3,580 thousand (2015: EUR 16,741 thousand) from the effective part of cash flow hedges for project business previously included within other comprehensive income as at the date on which the underlying transactions were realised were reclassified to other operating expenses. The cumulative gains from the effective part of cash flow hedges for procurement business recorded within other comprehensive income were reclassified to cost of materials as at the date on which the underlying transactions were realised and stand at EUR 675 thousand (2015: EUR 3,455 thousand).

The ineffective part of the cash flow hedges directly recognised through profit and loss amounts to a profit of EUR 1 thousand (2015: loss of EUR 118 thousand).

Nordex SE's net profit for 2016 determined in accordance with the German Commercial Code totalling EUR 34,698,129.43 was recognised in full in other retained earnings. Of the net loss for the year of EUR 15,326,420.36 recorded by Nordex SE in 2015 in accordance with the German Commercial Code (HGB), an amount of EUR 3,201,014.98 was settled using withdrawals from retained earnings and an amount of EUR 12,125,405.38 was settled using withdrawals from the share premium.

Further details of the changes in the individual equity items can be found in the attached consolidated statement of changes in equity.

As at 31 December 2016, the company had Authorised Capital I of EUR 19,376,489 (2015: EUR 16,100,000), equivalent to 19,376,489 shares (2015: 16,100,000) and Contingent Capital I of EUR 19,376,489 (2015: EUR 15,086,250), equivalent to 19,376,489 shares (2015: 15,086,250), each with a notional share in capital of EUR 1.

In accordance with a resolution passed at the annual general meeting on 10 May 2016 the Management Board is authorised subject to the Supervisory Board's approval to utilise Authorised Capital I to increase the company's share capital once or repeatedly on or before 9 May 2021. The Management Board is further authorised with the Supervisory Board's approval to exclude the shareholders' subscription rights. Pursuant to a resolution passed by the Management and the Supervisory Board on 31 March 2016, the previously existing Authorised Capital I of EUR 16,100,000 was fully exercised in order to finance part of the Acciona Windpower acquisition.

Contingent Capital I is used to grant conversion rights and / or to establish conversion obligations for the holders of the convertible bonds issued by the company on or before 9 May 2021 in accordance with the resolution passed by the shareholders at the annual general meeting held on 10 May 2016 and in accordance with the terms of the convertible bond in question and to grant option rights to holders of the option bonds issued by the company on or before 9 May 2021 in accordance with the resolution passed by the shareholders at the annual general meeting held on 10 May 2016 and in accordance with the terms of the option bond in question. To date, no conversion or option rights have been issued.

Based on a resolution passed at the annual general meeting held on 10 May 2016, Contingent Capital II in the amount of EUR 1,500,000 was cancelled. Contingent Capital II served solely to settle subscription rights under



the stock options granted to members of the company's Management Board, to members of the management boards of Nordex Group companies and to executives and employees of the company and Nordex Group companies granted on or before 31 December 2012 in accordance with the authorisation granted by the shareholders at the annual general meeting on 27 May 2008. These subscription rights have since lapsed.

**(25) Additional disclosures on financial instruments**

The following table shows the financial assets and liabilities as well as their fair values and their allocation to the fair value hierarchy defined in IFRS 13 that should be applied when determining the fair value of a financial instrument:

<b>2016</b> <b>EUR thousand</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Forward exchange transactions (financial assets held for trading, fair value hedges) . . . . .		928		928
Forward exchange transactions in the scope of hedge accounting (cash flow hedges) . . . . .		5,702		5,702
<b>Financial liabilities</b>				
Liabilities to banks . . . . .		648,690		648,690
Forward exchange transactions (financial liabilities held for trading, fair value hedges) . . . . .		2,695		2,695
Forward exchange transactions in the scope of hedge accounting (cash flow hedges) . . . . .		7,983		7,983
<b>2015</b> <b>EUR thousand</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Forward exchange transactions (financial assets held for trading, fair value hedges) . . . . .		88		88
Forward exchange transactions in the scope of hedge accounting (cash flow hedges) . . . . .		3,426		3,426
<b>Financial liabilities</b>				
Liabilities to banks . . . . .		50,737		50,737
Corporate bond . . . . .	158,556			158,556
Forward exchange transactions (financial liabilities held for trading, fair value hedges) . . . . .		699		699
Forward exchange transactions in the scope of hedge accounting (cash flow hedges) . . . . .		1,906		1,906

Assets and liabilities, the fair value of which is derived from the market values in active markets, are assigned to Level 1. A market is assumed to be active if market values are calculated regularly and are based on actual recurring transactions.

Fair values which cannot be determined by reference to active markets are derived from measurement models, which primarily take account of observable market data and generally do not include specific company estimates. These financial instruments are assigned to Level 2.

Liabilities to banks as part of financial liabilities are allocated to Level 2. The same applies to forward exchange transactions.

If material assumptions underlying the measurement are not based on observable market data, the financial instruments concerned are classified as Level 3.

There were no reclassifications between levels, neither in comparison with the previous year nor during the year under review.

Net gains and losses from financial instruments break down by category as follows:

<b>2016</b> <b>EUR thousand</b>	<b>Interest</b>	<b>Other net gain /loss</b>	<b>Total</b>
Loans and receivables .....	7,404	19,912	27,316
Financial liabilities at amortised cost .....	-34,676	-20,739	-55,415
Financial assets held for trading / Financial liabilities held for trading .....	0	-3,580	-3,580
	<b>-27,272</b>	<b>-4,407</b>	<b>-31,679</b>

<b>2015</b> <b>EUR thousand</b>	<b>Interest</b>	<b>Other net gain /loss</b>	<b>Total</b>
Loans and receivables .....	2,360	10,289	12,649
Financial liabilities at amortised cost .....	-23,275	4,378	-18,897
Financial assets held for trading / Financial liabilities held for trading .....	0	-16,741	-16,741
	<b>-20,915</b>	<b>-2,074</b>	<b>-22,989</b>

The net gains and losses were otherwise mostly due to foreign currency translation effects.

The maturities of the derivative financial instruments are structured as follows:

<b>2016</b> <b>EUR thousand</b>	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
<b>Receivables from derivatives with gross settlement</b>					
Cash inflow .....	54,581	47,933	0	0	102,514
Cash outflow .....	-51,208	-44,676	0	0	-95,884
	<b>3,373</b>	<b>3,257</b>	<b>0</b>	<b>0</b>	<b>6,630</b>
<b>Liabilities from derivatives with gross settlement</b>					
Cash inflow .....	170,068	98,396	0	0	268,464
Cash outflow .....	-178,295	-100,847	0	0	-279,142
	<b>-8,227</b>	<b>2,451</b>	<b>0</b>	<b>0</b>	<b>-10,678</b>

<b>2015</b> <b>EUR thousand</b>	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
<b>Receivables from derivatives with gross settlement</b>					
Cash inflow .....	30,518	25,707	0	0	56,225
Cash outflow .....	-29,103	-23,608	0	0	-52,711
	<b>1,415</b>	<b>2,099</b>	<b>0</b>	<b>0</b>	<b>3,514</b>
<b>Liabilities from derivatives with gross settlement</b>					
Cash inflow .....	34,898	15,268	0	0	50,166
Cash outflow .....	-37,060	-15,711	0	0	-52,771
	<b>-2,162</b>	<b>-443</b>	<b>0</b>	<b>0</b>	<b>-2,605</b>

## Notes to the income statement

### (26) Sales

Sales comprise income from the completion of construction contracts for customers, the sale of wind power systems and from service contracts.

In the case of production for customers, sales are recognised using the percentage of completion method if

- a legally binding contract has been signed,
- all necessary construction permits have been issued,
- a connection has been established with the grid or a grid-connection agreement has been signed,
- the customer has obtained the necessary finance and
- the customer has remitted the agreed prepayment.

Nordex records the percentage of completion on the basis of the ratio of actual to planned cost, whereas Acciona Windpower measures it on the basis of milestones.

Revenue from service contracts is recognised upon the service being provided.

Sales break down to the Projects and Service segments as follows:

<u>EUR thousand</u>	<b>REPORTING PERIOD</b>	
	<b>2016</b>	<b>2015</b>
Projects .....	3,139,840	2,233,640
Service .....	271,580	211,978
Intrasegment consolidation .....	-16,387	-15,513
	<b><u>3,395,033</u></b>	<b><u>2,430,105</u></b>

Sales in the Projects segment as determined by means of the percentage of completion method amount to EUR 2,327,196 thousand (2015: EUR 1,841,557 thousand).

***(27) Changes in inventories and other own work capitalised***

Own work capitalised is valued at EUR 35,668 thousand (2015: EUR 30,250 thousand) and, as in the previous year, relates to capitalised expenses for developing and enhancing new and existing wind turbines.

Changes in inventories stand at EUR -35,260 thousand (2015: EUR -44,266 thousand).

***(28) Other operating income***

Other operating income breaks down as follows:

<u>EUR thousand</u>	<b>REPORTING PERIOD</b>	
	<b>2016</b>	<b>2015</b>
Currency translation gains .....	24,753	15,492
Indemnity and damages paid .....	3,931	496
Reversal of impairment losses .....	1,184	926
Gains from the disposal of assets .....	338	157
Derecognition of liabilities .....	0	21
Others .....	5,495	4,352
	<b><u>35,701</u></b>	<b><u>21,444</u></b>

***(29) Cost of materials***

The cost of materials breaks down as follows:

<u>EUR thousand</u>	<b>REPORTING PERIOD</b>	
	<b>2016</b>	<b>2015</b>
Cost of raw materials and other supplies .....	1,972,058	1,455,215
Cost of services purchased .....	587,320	424,614
	<b><u>2,559,378</u></b>	<b><u>1,879,829</u></b>

The cost of services purchased results from external freight services, changes in order provisions, commission and externally sourced order-handling services.

**(30) Staff costs**

Staff costs break down as follows:

<u>EUR thousand</u>	REPORTING PERIOD	
	2016	2015
Wages and salaries .....	240,680	167,210
Social security and expenditure on retirement benefits and support .....	49,195	30,050
	<u>289,875</u>	<u>197,260</u>

Staff costs include expense of EUR 118 thousand (2015: EUR 112 thousand) for defined benefit plans and EUR 114 thousand (2015: EUR 117 thousand) for defined contribution plans.

The Group headcount was as follows:

<u>thousand</u>	REPORTING PERIOD		Change
	2016	2015	
Reporting date			
Office staff .....	2,689	1,864	825
Technical staff .....	2,440	1,472	968
	<u>5,129</u>	<u>3,336</u>	<u>1,793</u>
Average			
Office staff .....	2,630	1,746	884
Technical staff .....	2,391	1,402	989
	<u>5,021</u>	<u>3,148</u>	<u>1,873</u>

**(31) Depreciation / amortisation**

Depreciation and amortisation breaks down as follows:

<u>EUR thousand</u>	REPORTING PERIOD	
	2016	2015
Depreciation of property, plant and equipment .....	48,368	28,553
Amortisation of capitalised R & D expenses .....	39,150	26,075
Amortisation of other intangible assets .....	29,448	1,511
	<u>116,966</u>	<u>56,139</u>

### (32) Other operating expenses

Other operating expenses break down as follows:

<u>EUR thousand</u>	<b>REPORTING PERIOD</b>	
	<b>2016</b>	<b>2015</b>
Legal and consulting costs	41,692	13,341
Loss of income	31,378	18,571
Travel expenses	26,839	19,603
Rental and lease expenses	23,532	18,892
Maintenance	21,033	12,262
Currency translation losses	20,739	0
Other leased personnel services	18,717	13,601
External services	16,530	12,957
IT costs	16,299	11,618
Settlements	15,960	3,042
Security service, occupancy and building costs	6,042	3,917
Impairment of receivables	6,025	825
Training	5,416	4,769
Insurance	4,983	3,909
Advertising	4,356	4,260
Telecommunications	4,006	2,692
Forward exchange transactions	3,580	16,741
Other taxes	3,444	1,494
Losses from the disposal of assets	3,043	1,380
Bank fees	577	921
Others	22,157	13,274
	<b>296,348</b>	<b>178,069</b>

### (33) Financial result

The financial result breaks down as follows:

<u>EUR thousand</u>	<b>REPORTING PERIOD</b>	
	<b>2016</b>	<b>2015</b>
Income from investments	525	1,043
Profit / loss from equity-accounting method	19	-1,216
Impairment of financial assets	-14	-7,087
<b>Net profit / loss from investments</b>	<b>530</b>	<b>-7,260</b>
Other interest and similar income	7,404	2,360
Interest and similar expenses	-34,676	-23,275
<b>Interest result</b>	<b>-27,272</b>	<b>-20,915</b>
	<b>-26,742</b>	<b>-28,175</b>

Income from investments comprises dividend payouts.

Net gains / losses from valuation using the equity method reflect the share of profit of associates.

Impairment of financial assets refers to adjustments to the value of shares in project companies.

Interest income and expense arises primarily from deposits with banks and from guarantee commissions and bank loans.

### (34) Income tax

Income tax breaks down as follows:

<u>EUR thousand</u>	REPORTING PERIOD	
	2016	2015
Domestic income tax .....	-8,904	-768
Foreign income tax .....	-41,017	-12,684
<b>Actual income tax expense</b> .....	<b>-49,921</b>	<b>-13,452</b>
<b>Deferred income tax</b> .....	<b>3,441</b>	<b>-32,337</b>
<b>Total income tax expense</b> .....	<b>-46,480</b>	<b>-45,789</b>
of which actual income tax for other periods .....	-7,088	-765
of which deferred taxes for other periods .....	22,306	-8,242

Tax income from deferred taxes in the amount of EUR 3,441 thousand is attributable to changes in temporary balance sheet differences and to unused tax losses.

The expected income tax expense that results from applying the tax rate of 32.12% (2015: 32.12%) on the net profit/loss from ordinary activities of EUR 141,833 thousand (2015: EUR 98,061 thousand), differs from the total income tax expense as follows:

<u>EUR thousand</u>	REPORTING PERIOD	
	2016	2015
Expected income tax expense .....	-45,557	-31,497
Differences in non-domestic tax rates .....	-4,806	-95
Tax-free income .....	1,109	813
Tax effects from equity-accounted investments .....	-533	148
Changes in tax rates and tax legislation .....	-285	-262
Non-deductible expenses .....	-2,472	-1,344
Tax effects from previous years .....	16,100	-9,070
Effects of inclusion of unused tax losses arising in earlier years .....	5,655	-7,485
Changes from impairment / effects of non-inclusion of unused tax losses .....	-10,688	4,538
Other tax effects .....	-5,003	-1,535
<b>Total income tax expense</b> .....	<b>-46,480</b>	<b>-45,789</b>

### (35) Earnings per share

#### Basic

Basic earnings per share (EPS) are calculated by dividing profit or loss attributable to the shareholders by the average number of shares outstanding:

<u>EUR thousand</u>	REPORTING PERIOD	
	2016	2015
Consolidated net profit for the year .....	95,353	52,272
of which parent company shareholders .....	95,353	52,272
Weighted average number of shares .....	92,792,036	80,882,447
<b>Basic earnings per share</b> .....	<b>1.03</b>	<b>0.65</b>

#### Diluted

Diluted earnings per share are calculated, in contrast to basic earnings per share, by adding all conversion rights and options to the average number of ordinary shares outstanding. Diluted earnings per share also stand at EUR 1.03 (2015: EUR 0.65).



## Other financial obligations and contingent liabilities

Contractual obligations of EUR 11,814 thousand (2015: EUR 445 thousand) apply as at the reporting date with respect to investments in property, plant and equipment for obligations which have not yet been settled.

The Nordex Group has not entered into any obligations for the acquisition of intangible assets as at the reporting date.

Obligations under rental contracts and operating leases amount to EUR 58,228 thousand (2015: EUR 50,999 thousand) and have the following maturities:

EUR thousand	Less than 1 year	1 to 5 years	More than 5 years	Total
31.12.2016 .....	14,580	29,409	14,239	58,228
31.12.2015 .....	10,619	22,672	17,708	50,999

Obligations under rental contracts and operating leases relate to real estate assets of EUR 49,968 thousand (2015: EUR 44,408 thousand) and equipment and machinery of EUR 8,260 thousand (2015: EUR 6,591 thousand).

The Nordex Group has contingent liabilities arising from pending litigation in connection with its operating business; as the probability of an outflow of resources as of the reporting date was not sufficiently determinable, no provisions have been set aside in this connection.

## Related party disclosures

As at the reporting date, Acciona S.A. held a 29.9% share in Nordex SE. As such, Nordex SE is an associated company of Acciona S.A.

The balances and transactions with companies from the Acciona Group are set out in the following table:

EUR thousand	Balances outstanding Receivables (+) / liabilities (-)		Transaction amount Income (+) / expense (-) <sup>1</sup>	
	31.12.2016	31.12.2015	2016	2015
Acciona Energia S.A. ....	1,674 / -4,286	—	938 / -2,263	—
Acciona Energia Servicios Mexico S. de R.L. de C.V. ....	104 / -12	—	256 / 0	—
Acciona Energy Global Poland Sp. z o.o. ....	42 / -6	—	340 / 0	—
Acciona Energy USA Global LLC .....	195 / -268	—	0 / 0	—
Acciona Facility Services S.A. ....	15 / -320	—	7 / -1,739	—
Acciona Forwarding do Brasil Logistica e Transporte Multimodal S.A. ....	0 / -1,999	—	0 / 0	—
Acciona Forwarding S.A. ....	25 / 0	—	0 / -438	—
Acciona Green Energy Developments S.L. ....	0 / -255	—	0 / -547	—
Acciona S.A. ....	0 / -1,692	—	0 / -1,182	—
Acciona Servicios Administrativos S.A. de C.V. ...	0 / -39	—	0 / -280	—
Ceolica Hispania S.L. ....	16 / -302	—	15 / -92	—
Consorcio Eólico Chiripa S.A. ....	737 / -352	—	0 / 0	—
Desarrollo de Energias Renovables de Navarra S.A. ....	155 / 0	—	369 / 0	—
Oakleaf Investment Holding 86 Pty. Ltd. ....	572 / 0	—	0 / 0	—
San Roman Wind LLC .....	268 / 0	—	36,540 / 0	—
Sun Photo Voltaic Energy India Pvt. Ltd. ....	0 / 0	—	46,270 / 0	—
Valdivia Energia Eólica S.A. ....	374 / 0	—	504 / 0	—
Other .....	10 / -563	—	133 / -776	—

<sup>1</sup> Transactions refers to transactions between Acciona Windpower and companies within the Acciona Windpower Group in the period from April to December 2016.

During the year under review, three contracts to deliver and assemble wind power systems in Australia, Chile and Mexico amounting to EUR 301,211 thousand were won by Acciona Energia S.A.

In addition, the Nordex Group holds a 75% interest in natcon7 GmbH, which is therefore a non-consolidated affiliated company.

Since 2014, Jan Klatten, a member of Nordex SE's Supervisory Board, has held a 44.20% share of the Polish wind farm company C&C Wind Sp. z o.o. via momentum infra 1 GmbH, of which he is also managing director. The share was acquired by momentum infra 1 GmbH as the most successful bidder in a market-wide tender process. The majority of the shares in momentum infra 1 GmbH are held by momentum-capital Verwaltungsgesellschaft mbH. The Nordex Group also holds 40.00% of the capital of C & C Wind Sp. z o.o. via Nordex Windpark Beteiligung GmbH. Accordingly, the former company is classed as an associated company. As in the previous year, there were no business transactions with Mr Klatten or momentum infra 1 GmbH.

In addition, the shares in GN Renewable Investments S.à r.l. (30.00%) and KNK Wind GmbH (38.89%) are also classified as associated companies.

The balances and transactions with these companies are set out in the following table:

EUR thousand	Balances outstanding Receivables (+) / liabilities (-)		Transaction amount Income (+) / expense (-)	
	31.12.2016	31.12.2015	2016	2015
natcon7 GmbH	2,354 / -3,626	0 / -1,539	566 / -9,315	1 / -7,442
C & C Wind Sp. z o.o.	0 / 0	0 / -2,294	1,200 / -759	38,644 / 0
GN Renewable Investments S.à r.l.	3,032 / 0	6,622 / 0	691 / 0	129 / 0
KNK Wind GmbH	0 / 0	879 / 0	192 / -274	189 / 0

The business relations with natcon7 GmbH refer to systems for decentralised energy production, while those with C & C Wind Sp. z o.o. and GN Renewable Investments S.à r.l. result from the project business, and business relations with KNK Wind GmbH relate mainly to a loan.

Further details on shareholdings can be found in the enclosed list of shareholdings as at 31 December 2016.

IAS 24.17 requires that key management personnel compensation in the company is disclosed; this includes remuneration of the members of the Management Board and the Supervisory Board appointed during the year under review. This is shown in the following table:

	REPORTING PERIOD	
	2016	2015
Benefits due in the short term	3,542	2,304
Post-employment benefits	0	2
Other long-term benefits	0	0
Termination benefits	117	0
Share-based remuneration	3,888	380
	<b>7,547</b>	<b>2,686</b>

### Consolidated cash flow statement

The consolidated cash flow statement analyses changes in the cash and cash equivalents in the course of the year as a result of cash inflows and outflows. The changes in the items of the statement of financial position used for determining changes in the consolidated cash flow statement cannot be directly derived from the statement of financial position as currency translation effects, changes to the companies consolidated and non-cash transactions are eliminated.

Cash flow from operating activities is calculated using the indirect method, i.e. net profit is adjusted for non-cash income and expenses. The cash flow from operating activities in the amount of EUR 144,398 thousand (2015: EUR 167,987 thousand) results primarily from consolidated profit including depreciation / amortisation of EUR 212,333 thousand (2015: EUR 115,498 thousand) and, on the other hand, an increase in working capital of EUR 142,959 thousand (2015: EUR 10,854 thousand).

Net cash outflow from investing activities increased in the year under review to EUR 399,240 thousand (2015: net cash outflow of EUR 73,387 thousand). In addition to the cash component of the purchase price for the

acquisition of Acciona Windpower less cash and cash equivalents acquired under the transaction together amounting to EUR 305,833 thousand, investments of EUR 61,968 thousand (2015: EUR 39,690 thousand) were made in property, plant and equipment, mainly related to the construction of the Nordex Forum II and the rotor blade production in Rostock. Development projects of EUR 33,768 thousand (2015: EUR 30,949 thousand) were capitalised.

Cash flow from financing activities amounts to EUR 369,230 thousand (2015: EUR 50,000 thousand) and is primarily attributable to the Schuldschein loan received as well as the utilisation of the research and development loan of the European Investment Bank, while at the same time the corporate bond is being repaid.

### **Events after the reporting date**

On 1 February 2017, Nordex announced the acquisition of SSP Technology A / S, a company which develops and manufactures rotor blade moulds and holds numerous patents for production processes of these components. The acquisition transaction shall include the transfer of the approximately 70 employees, utility models and the 10,000 m<sup>2</sup> production facilities in Kirkeby / Denmark. Nordex intends to use this transaction to further expand its leading technological position in the development of ever bigger and more efficient rotor blades. The deeper vertical integration in construction moulds and prototypes will enable Nordex to react more flexibly in the future to the fast paced market conditions. The acquisition has no major impact on the net assets, financial position and performance of the Nordex Group.

Any further events occurring after the reporting date caused by economic factors arising prior to 31 December 2016 are included in the consolidated financial statements as at 31 December 2016.

### **Corporate Governance Code declaration pursuant to Section 161 of the German Stock Corporation Act (AktG)**

The Management Board and the Supervisory Board issued the declaration of conformance for 2016 pursuant to Section 161 of the Stock Corporation Act on 29 November 2016 and made it available for examination by the shareholders on the Internet at [www.nordex-online.com/en/investor-relations/corporate-governance.html](http://www.nordex-online.com/en/investor-relations/corporate-governance.html).

### **Utilisation of relief provisions**

Nordex Energy GmbH as well as Nordex Grundstücksverwaltung GmbH and Nordex Windpark Beteiligung GmbH are exempt from disclosure requirements in accordance with Section 325 of the German Commercial Code (HGB) due to the application of the provisions contained in Section 264 (3) of the German Commercial Code.

### **Nordex SE Management Board and Supervisory Board**

#### ***Management Board***

*Lars Bondo Krogsgaard, Hamburg / Germany*

Chief Executive Officer (Chairman of the Management Board)

*José Luis Blanco, Madrid / Spain*

Chief Operating Officer (since 1 April 2016)

*Patxi Landa, Pamplona / Spain*

Chief Sales Officer (since 1 April 2016)

*Christoph Burkhard, Hamburg / Germany*

Chief Financial Officer (since 1 September 2016)

*Bernard Schäferbarthold, Hamburg / Germany*

Chief Financial Officer (until 30 September 2016)

### ***Supervisory Board***

*Dr Wolfgang Ziebart, Starnberg / Germany*

Chairman of the Supervisory Board, chairman of the Management Committee and member of the Strategy and Engineering Committee

- Self-employed consultant
- Member of the supervisory board of ASML Holding N.V.
- Member of the board of directors der Autoliv Inc.

*Juan Muro-Lara, Madrid / Spain*

Deputy chairman of the Supervisory Board (since 10 May 2016), member of the Management Committee (since 10 May 2016) and member of the Audit Committee (since 10 May 2016)

- Head of Corporate Development & Investor Relations Officer of Acciona S.A.
- Chairman of the board of directors of Bestinver Pensiones EGFP S.A.
- Member of the board of directors of Bestinver Sociedad de Valores S.A.
- Member of the board of directors of Compañía Trasmediterranea S.A.

*Jan Klatten, Munich*

Deputy chairman of the Supervisory Board (until 10 May 2016), member of the Management Committee and member of the Strategy and Engineering Committee

- Managing shareholder of momentum Beteiligungsgesellschaft mbH
- Chairman of the supervisory board of asturia Automotive AG

*Connie Hedegaard, Copenhagen / Denmark*

Member of the Audit Committee (since 10 May 2016)

- Chairwoman of the board of the KR Foundation
- Chairwoman of the Danish green think tank CONCITO
- Chairwoman of the OECD Round Table on Sustainable Development
- Member of the board of the University of Århus

*Rafael Mateo, Teruel / Spain*

Member of the Strategy and Engineering Committee (since 10 May 2016)

- Chairman of the management board of Acciona Energía S.A.U.
- Chairman of the board of directors of Acciona Energía International S.A.

*Martin Rey, Traunstein / Germany*

Member of the Management Committee (until 10 May 2016) and chairman of the Audit Committee

- Attorney at law and managing shareholder of Maroban GmbH
- Managing shareholder of Babcock & Brown GmbH
- Member of the supervisory board of BayWa r.e. USA LLC

*Dr Heinz van Deelen, Munich*

Member of the Strategy and Engineering Committee (until 10 May 2016)

- Chairman of the management board of Consline AG

*Frank Lutz, Munich*

Member of the Audit Committee (until 10 May 2016)

- Member of the management board of Covestro AG and Covestro Deutschland AG

*Annette Stieve, Wennigsen*

Member of the Audit Committee (until 10 May 2016)

- Member of the management of Feurecia Automotive GmbH and chief financial officer North / East Europe of Faurecia
- Member of the regional advisory committee Middle of Commerzbank AG

The members of the Supervisory Board and the Management Board held the following shares in the company as at 31 December 2016:

<u>Name</u>	<u>Position</u>	<u>Shares</u>
Lars Bondo Krogsgaard . . . .	Management Board	10,323 held directly
Dr Wolfgang Ziebart . . . . .	Supervisory Board	10,000 held directly
Jan Klatten . . . . .	Supervisory Board	5,534,248 via interests in momentum-capital Vermögensverwaltungsgesellschaft mbH and Ventus Venture Fund GmbH & Co.

## **Remuneration report**

### ***General information***

The remuneration report describes the principles of the remuneration system for the members of the Management Board and the Supervisory Board as well as the individual amounts paid. The disclosures comply with the requirements of the German Commercial Code (HGB) and the principles of German Accounting Standard No. 17 (DRS 17), the recommendations set out in the German Corporate Governance Code (GCGC) and the International Financial Reporting Standards (IFRS).

### ***Management Board***

In accordance with the provisions of the German Stock Corporation Act (AktG) and the recommendations of the German Corporate Governance Code, the Supervisory Board decides on the structure of remuneration and the remuneration system for the Management Board as well as the remuneration amounts and performs regular reviews. In determining the remuneration, the Supervisory Board is guided by the size and complexity of Nordex SE, its economic and financial position and the amount and structure of the management remuneration system of comparable companies as well as internal salary structures. Further criteria include the duties and performance of the individual members of the Management Board.

### ***Principles of the remuneration system***

The remuneration paid to the Management Board comprises fixed (not performance-related) and variable performance-related components reflecting the company's business performance in a given year as well as its long-term business performance.

The fixed components comprise an annual salary paid out in monthly instalments and fringe benefits as usual in the market. These include the provision of a company car, which may also be used privately, insurance for private and company accidents covering invalidity and death.

The performance-related component, which is paid out as a bonus, depends on whether certain financial and non-financial targets are reached. The financial target is defined as earnings before tax (EBT) generated in the year under review. The Supervisory Board of Nordex SE defines the non-financial targets at the beginning of each year. The Supervisory Board assesses the achievement of targets after the financial year has closed. In the calculation of the bonuses, equal weighting is placed on the achievement of financial and non-financial targets. In addition, the Supervisory Board uses a factor between 0.8 and 1.2 to adjust the payment amount thus calculated on the basis of a comprehensive assessment of the company's performance and the individual performance of the respective Management Board member. The amount of the bonuses to be paid is always limited to a total of 200% of the target bonus amount as stipulated in the employment contract. In the event that targets are not met, the bonus amount can also fall short of the target amount or be cancelled completely.

The variable component with a long-term incentive component is calculated using a contractually agreed target for the performance share unit plan, which is converted into performance share units on the basis of the price of the Nordex shares on the date on which they are granted. In addition, the minimum and maximum target achievement rate is defined on the basis of the gross return on the Nordex shares (in terms of total shareholder return) compared with the arithmetic mean of the performance indices DAX, MDAX and TecDAX. The final number of performance share units achieved is calculated after the end of the three-year performance period on the basis of the number of virtual Nordex shares and the actual target achievement rate. The final number of performance share units achieved for a plan tranche ranges between 50% and 200% of the initially calculated number of virtual Nordex shares. The final number of performance share units is multiplied by the price at which the Nordex shares are trading at the end of the performance period, thus yielding the gross amount to be paid out. This amount is capped at 300% of the contractually agreed target amount for the performance share unit plan. Each member of the Management Board has to invest 33% of the net payment amount in Nordex shares with a holding period of two years.

In the context of the merger between Nordex and Acciona Windpower, the Supervisory Board further adjusted the target remuneration of Mr Krogsgaard and granted an integration bonus to all members of the Management Board with long-term appointments; these adjustments became effective on 1 April 2016. 70% of the target amount for the integration bonus is, as the performance-related long-term incentive component, defined on the basis of the gross return on the Nordex shares compared with the arithmetic mean of the performance indices DAX, MDAX and TecDAX. The remaining 30% of the target amount agreed for the integration bonus depend on the achievement of targets that are not based on the share price and on an assessment of the integration success performed by the Supervisory Board. The performance period for the integration bonus terminates at the end of 2018. Payouts are limited to a total of 200% of the agreed target amount.

In the event of an early termination of the employment contract by the company without good cause, the company commits in the employment contracts entered into with members of the Management Board to a severance payment in the amount of the target compensation due for the remaining duration of the employment contract but a maximum value of two annual target remuneration amounts.

A potential change of control at the company is regulated by specific clauses in the employment contract of Mr Krogsgaard. A change of control is given if a shareholder buys the majority of voting rights in the company or the previous majority shareholder loses the majority of voting rights in the company in any other way and this produces significant disadvantages for Mr Krogsgaard. In the event of a change of control, Mr Krogsgaard is entitled to resign from his office for good cause and to terminate his contract of employment as member of the Management Board for good cause. Both rights are limited to a time period between two and six months after the voting rights notification on the change of control at the company has been received. In the event Mr Krogsgaard would resign from his office for good cause and terminate his contract of employment as member of the Management Board for good cause, he is entitled to receive the compensation for the remaining term of his employment contract with a maximum time period of two years.

The employment relationship with Mr Schäferbarthold, which had originally been planned to end at 31 December 2016, was terminated by mutual consent on 31 October 2016. Both the performance-unrelated and the performance-related remuneration components have been reduced on a pro rata temporis basis. Because of the termination of employment, a severance payment in the amount of one sixth of the annual fixed remuneration and the annual target bonus, together EUR 116,917, has been agreed and paid out. Payments from the performance share unit plan are made at the end of each applicable performance period.



The remuneration payable to the members of the Management Board in 2016 in accordance with DRS 17 can be seen in the following table. Performance-related remuneration components with a long-term incentive effect are allocated to the individual years on a pro rata temporis basis:

<u>EUR</u>	Non performance-related component		Performance-related component (bonus)		Performance-related long-term incentive component		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Lars Bondo Krogsgaard . . .	585,947	415,871	691,849	400,833	593,061	582,272	1,870,857	1,398,976
José Luis Blanco . . . . .	313,740	—	321,881	—	195,566	—	831,187	—
Patxi Landa . . . . .	197,680	—	182,093	—	121,462	—	501,235	—
Christoph Burkhard . . . . .	319,283	—	66,667	—	86,481	—	472,431	—
Dr Jürgen Zeschky . . . . .	—	296,292	—	230,000	—	382,875	—	909,167
Bernard Schäferbarthold . . .	413,077	357,144	295,830	332,083	259,020	381,450	967,927	1,070,677

In contrast to DRS 17, the remuneration granted pursuant to the German Corporate Governance Code (GCGC) in the year under review shows the fair value for the variable remuneration components at the time they were granted. In addition, the minimum and maximum achievable amounts for 2016 are listed. These figures are all presented in the following table:

**Incentives granted according to GCGC**

**EUR**

	<b>2016</b>	<b>2015</b>	<b>Min. 2016</b>	<b>Max. 2016</b>
Fixed remuneration . . . . .	570,000	400,833	570,000	570,000
Fringe benefits . . . . .	15,947	15,038	15,947	15,947
<b>Fixed remuneration . . . . .</b>	<b>585,947</b>	<b>415,871</b>	<b>585,947</b>	<b>585,947</b>
<b>Bonus . . . . .</b>	<b>397,500</b>	<b>200,417</b>	<b>0</b>	<b>795,000</b>
Performance share units 2016–2018 . . . . .	366,241	—	0	1,192,500
Performance share units 2015–2017 . . . . .	—	200,244	—	—
Integration bonus 2016–2018 . . . . .	1,094,736	—	0	2,400,000
<b>Multi-year variable remuneration . . . . .</b>	<b>1,460,977</b>	<b>200,244</b>	<b>0</b>	<b>3,592,500</b>
<b>Total remuneration . . . . .</b>	<b>2,444,424</b>	<b>816,532</b>	<b>585,947</b>	<b>4,973,447</b>

**Lars Bondo Krogsgaard**

**Incentives granted according to GCGC**

**EUR**

	<b>2016</b>	<b>2015</b>	<b>Min. 2016</b>	<b>Max. 2016</b>
Fixed remuneration . . . . .	316,667	—	316,667	366,667
Fringe benefits . . . . .	2,616	—	2,616	2,616
<b>Fixed remuneration . . . . .</b>	<b>319,283</b>	<b>—</b>	<b>319,283</b>	<b>319,283</b>
<b>Bonus . . . . .</b>	<b>66,667</b>	<b>—</b>	<b>0</b>	<b>133,333</b>
Performance share units 2016–2018 . . . . .	117,689	—	0	466,667
Performance share units 2015–2017 . . . . .	—	—	—	—
Integration bonus 2016–2018 . . . . .	666,671	—	0	1,400,000
<b>Multi-year variable remuneration . . . . .</b>	<b>784,360</b>	<b>—</b>	<b>0</b>	<b>1,866,667</b>
<b>Total remuneration . . . . .</b>	<b>1,170,310</b>	<b>—</b>	<b>319,283</b>	<b>2,319,283</b>

**Christoph Burkhard**

1 Payment pursuant to severance agreement.

José Luis Blanco				Patxi Landa			
2016	2015	Min. 2016	Max. 2016	2016	2015	Min. 2016	Max. 2016
300,000	—	300,000	300,000	187,500	—	187,500	187,500
13,740	—	13,740	13,740	10,180	—	10,180	10,180
<b>313,740</b>	<b>—</b>	<b>313,740</b>	<b>313,740</b>	<b>197,680</b>	<b>—</b>	<b>197,680</b>	<b>197,680</b>
<b>187,500</b>	<b>—</b>	<b>0</b>	<b>375,000</b>	<b>112,500</b>	<b>—</b>	<b>0</b>	<b>225,000</b>
167,982	—	0	687,500	100,789	—	0	412,500
—	—	—	—	—	—	—	—
729,824	—	0	1,600,000	456,140	—	0	1,000,000
<b>897,806</b>	<b>—</b>	<b>0</b>	<b>2,287,500</b>	<b>556,929</b>	<b>—</b>	<b>0</b>	<b>1,412,500</b>
<b>1,399,046</b>	<b>—</b>	<b>313,740</b>	<b>2,976,240</b>	<b>867,109</b>	<b>—</b>	<b>197,680</b>	<b>1,835,180</b>

Dr Jürgen Zeschky				Bernard Schäferbarthold			
2016	2015	Min. 2016	Max. 2016	2016	2015	Min. 2016	Max. 2016
—	286,667	—	—	401,500	341,500	401,500	401,500
—	9,625	—	—	11,577	15,644	11,577	11,577
—	<b>296,292</b>	—	—	<b>413,077</b>	<b>357,144</b>	<b>413,077</b>	<b>413,077</b>
—	<b>230,000<sup>1</sup></b>	—	—	<b>180,000</b>	<b>166,042</b>	<b>0</b>	<b>360,000</b>
—	—	—	—	188,093	—	0	540,000
—	—	—	—	—	179,845	—	—
—	—	—	—	—	—	—	—
—	—	—	—	<b>188,093</b>	<b>179,845</b>	<b>0</b>	<b>540,000</b>
—	<b>526,292</b>	—	—	<b>781,170</b>	<b>703,031</b>	<b>413,077</b>	<b>1,313,077</b>

The fixed and single-year variable remuneration components shown in the following table prepared in accordance with GCGC are equivalent to the inflows shown for the year under review. The table also states the amount paid as multi-year variable remuneration in cases in which the agreed period expires in the year under review:

Additions according to GCGC		Lars Bondo Krogsgaard		José Luis Blanco		Patxi Landa		Christoph Burkhard		Dr. Jürgen Zeschky		Bernard Schäferbarthold	
EUR		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Fixed remuneration		570,000	400,833	300,000	—	187,500	—	316,667	—	—	286,667	401,500	341,500
Fringe benefits		15,947	15,038	13,740	—	10,180	—	2,616	—	—	9,625	11,577	15,644
<b>Fixed remuneration</b>		<b>585,947</b>	<b>415,871</b>	<b>313,740</b>	<b>—</b>	<b>197,680</b>	<b>—</b>	<b>319,283</b>	<b>—</b>	<b>—</b>	<b>296,292</b>	<b>413,077</b>	<b>357,144</b>
<b>Bonus</b>		<b>691,849</b>	<b>400,833</b>	<b>321,881</b>	<b>—</b>	<b>182,093</b>	<b>—</b>	<b>66,667</b>	<b>—</b>	<b>—</b>	<b>230,000</b>	<b>295,830</b>	<b>332,083</b>
Performance share units 2014 – 2016		540,000	—	—	—	—	—	—	—	—	—	510,000	—
Performance share units 2013 – 2015		—	540,000	—	—	—	—	—	—	—	—	—	—
Stock options		—	—	—	—	—	—	—	—	—	1,767,750	—	—
<b>Multi-year variable remuneration</b>		<b>540,000</b>	<b>540,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,767,750</b>	<b>510,000</b>	<b>—</b>
<b>Total remuneration</b>		<b>1,817,796</b>	<b>1,356,704</b>	<b>635,621</b>	<b>—</b>	<b>379,773</b>	<b>—</b>	<b>385,950</b>	<b>—</b>	<b>—</b>	<b>2,294,042</b>	<b>1,218,907</b>	<b>689,227</b>

The company pays the premium for the D & O liability insurance (pecuniary loss liability insurance) for members of the Management Board where this exceeds the excess amount provided by law. The D & O liability insurance amount is determined by the Supervisory Board. The premium paid for the D & O liability insurance cannot be broken down by individual Management Board members as the sum insured covers all governing bodies and executives.

The company did not extend any loans to members of the Management Board nor has it assumed any sureties or guarantees on their behalf.

### ***Supervisory Board***

Under the Articles of Incorporation, all members of the Supervisory Board are entitled to fixed remuneration of EUR 30,000 (2015: EUR 30,000) in consideration of the performance of their duties for each full financial year in which they are members of the Supervisory Board plus reimbursement of all costs incurred in the performance of their duties.

The chairman of the Supervisory Board receives twice this amount and his deputy one-and-a-half times this amount.

Each member of the Supervisory Board who is a member of a committee established by the Supervisory Board receives additional fixed remuneration of EUR 3,000 (2015: EUR 3,000) for each full financial year in which he or she is a member of the committee.

The chairman of a committee receives twice this amount.

Persons joining or leaving the Supervisory Board or one of its committees during the year receive one twelfth of this amount for each full or partial month of service.

Any value added tax incurred on the reimbursement of expenses and remuneration is likewise reimbursed in accordance with Article 18 (1) to (4) of the Articles of Incorporation. The company also pays the premiums for the D&O liability insurance of the members of the Supervisory Board.

The remuneration paid to the Supervisory Board breaks down as follows in accordance with DRS 17:

<b>EUR</b>	<b>Non-performance-related component</b>		<b>Performance-related component (bonus)</b>		<b>Performance-related long-term incentive component</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Dr Wolfgang Ziebart . . . . .	69,000	69,000	0	0	0	0	69,000	69,000
Juan Muro-Lara . . . . .	34,000	—	0	—	0	—	34,000	—
Jan Klatten . . . . .	45,250	54,000	0	0	0	0	45,250	54,000
Connie Hedegaard . . . . .	22,000	—	0	—	0	—	22,000	—
Rafael Mateo . . . . .	22,000	—	0	—	0	—	22,000	—
Martin Rey . . . . .	37,250	39,000	0	0	0	0	37,250	39,000
Dr Heinz van Deelen . . . . .	13,750	33,250	0	0	0	0	13,750	33,250
Frank Lutz . . . . .	13,750	33,000	0	0	0	0	13,750	33,000
Annette Stieve . . . . .	13,750	33,000	0	0	0	0	13,750	33,000
	<b>270,750</b>	<b>261,250</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>270,750</b>	<b>261,250</b>

No remuneration had been paid to the members of the Supervisory Board as at 31 December 2016.

### ***Benefits for former members of the Management Board***

Pension provisions of EUR 415 thousand (2015: EUR 388 thousand) had been set aside as at the reporting date to cover the vested pension rights of two former members of the Management Board.

### **Auditor's fee**

The auditor's fee for the audit of the annual financial statements amounts to EUR 521 thousand (2015: EUR 459 thousand), while the fees for tax advisory services amount to EUR 219 thousand (2015: EUR 137 thousand) and to EUR 2,453 thousand (2015: EUR 381 thousand) for other services.

Nordex SE

Rostock, 17 March 2017



Lars Bondo Krogsgaard  
Chairman of the Management Board



José Luis Blanco  
Member of the Management Board



Patxi Landa  
Member of the Management Board



Christoph Burkhard  
Member of the Management Board



# STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016

EUR thousand	Historical costs						Depreciation / amortisation						REPORTING DATE	
	Initial amount 1.1.2016	First-time consolidation	Disposals	Reclassifications	Currency translation	Closing amount 31.12.2016	Initial amount 1.1.2016	Additions	First-time consolidation	Disposals	Reclassifications	Currency translation	Closing amount 31.12.2016	
<b>Property, plant and equipment</b>														
Land and buildings . . . . .	88,785	9,865	539	329	623	159,320	36,525	5,251	24,532	503	-3	-64	65,738	
Technical equipment and machinery . . . . .	123,095	13,683	9,665	944	5,002	280,996	58,949	32,463	76,309	1,293	0	825	167,253	
Other fixtures and fittings, tools and equipment . . . . .	66,560	17,924	1,626	24	583	91,674	38,504	10,655	5,811	1,304	6	-3	53,669	
Prepayments made and assets under construction . . . . .	2,794	20,496	612	0	-1,295	22,667	1,642	0	0	0	0	-14	1,628	
<b>Total . . . . .</b>	<b>281,234</b>	<b>61,968</b>	<b>11,830</b>	<b>2</b>	<b>6,268</b>	<b>554,657</b>	<b>135,620</b>	<b>48,369</b>	<b>106,652</b>	<b>3,100</b>	<b>3</b>	<b>744</b>	<b>288,288</b>	
<b>Intangible assets</b>														
Goodwill . . . . .	14,461	0	0	0	0	552,259	4,501	0	0	0	0	0	4,501	
Capitalised R&D expense . . . . .	179,522	33,768	5	0	0	362,612	68,589	41,289	33,033	0	0	0	142,911	
Other intangible assets . . . . .	23,994	6,695	809	-2	8,712	178,910	18,198	27,308	18,290	34	-2	535	64,295	
<b>Total . . . . .</b>	<b>217,977</b>	<b>40,463</b>	<b>814</b>	<b>-2</b>	<b>8,712</b>	<b>1,093,781</b>	<b>91,288</b>	<b>68,597</b>	<b>51,323</b>	<b>34</b>	<b>-2</b>	<b>535</b>	<b>211,707</b>	
													<b>31.12.2016</b>	

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016

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## LIST OF SHAREHOLDINGS

AS AT 31 DECEMBER 2016

	Currency	Shareholding in capital in %	Profit / loss 1.1.-31.12.2016	Equity capital 1.1.-31.12.2016	Share held via
<b>Consolidated affiliated companies (figures as per statutory financial statements or uniform Group accounting principles)</b>					
Nordex SE, Rostock (Group parent) <sup>1,3</sup> .....	EUR	—	34,698,129.43	764,742,514.49	—
Acciona Blades S.A., Barasoain / Spain <sup>4</sup> .....	EUR	100.00	-397,806.15	1,250,182.33	Acciona Windpower S.A.
Acciona Towers S.L., Barasoain / Spain <sup>4</sup> .....	EUR	100.00	-98,080.04	235,462.78	Acciona Windpower S.A.
Acciona – Vjetroelektrane d.o.o., Split / Croatia .....	EUR	100.00	98,808.83	852,847.09	Acciona Windpower Internacional S.L.
Acciona Windpower Brasil – Comércio, Indústria, Exportação e Importação de Equipamentos para Geração de Energia Eólica Ltda., Sao Paulo / Brazil <sup>4</sup> .....	EUR	99.00/1.00	20,073,181.89	47,703,864.04	Acciona Windpower Internacional S.L. / Acciona Windpower S.A.
Acciona Windpower Chile S.A., Santiago / Chile <sup>4</sup> .....	EUR	99.00/1.00	-386,921.22	1,732,418.91	Acciona Windpower Internacional S.L. / Acciona Windpower S.A.
Acciona Windpower Deutschland GmbH, Frankfurt am Main <sup>4</sup> ..	EUR	100.00	-8,362.79	43,225.86	Acciona Windpower Internacional S.L.
Acciona Windpower India Private Limited, Bangalore / India <sup>4</sup> .....	EUR	99.99/0.01	-1,835,082.77	2,859,650.25	Acciona Windpower Internacional S.L. / Acciona Windpower S.A.
Acciona Windpower Internacional S.L., Barasoain / Spain <sup>4</sup> .....	EUR	100.00	12,295,137.79	68,351,055.66	Acciona Windpower S.A.
Acciona Windpower Mexico S. de R.L. de C.V., Mexico City / Mexico <sup>4</sup> .....	EUR	99.97/0.03	3,359,878.73	16,471,917.51	Acciona Windpower Internacional S.L. / Acciona Windpower S.A.
Acciona Windpower North America LLC, West Branch / United States <sup>4</sup> .....	EUR	100.00	5,430,939.32	30,412,913.73	Acciona Windpower Internacional S.L.
Acciona Windpower Oceania Pty. Ltd., Melbourne / Australia <sup>4</sup> .....	EUR	100.00	-102,514.40	-5,178,820.43	Acciona Windpower Internacional S.L.
Acciona Windpower Rüzgar Enerjisi Sistemleri Anonim Şirketi, Istanbul / Turkey <sup>4</sup> ....	EUR	100.00	-1,105,407.90	355,848.88	Acciona Windpower Internacional S.L.
Acciona Windpower S.A., Barasoain / Spain <sup>4</sup> .....	EUR	100.00	-1,478,913.68	72,391,661.73	Corporación Acciona Windpower S.L.
Acciona Windpower Southafrica (Pty.) Ltd., Cape Town / South Africa <sup>4</sup> .....	EUR	100.00	1,711,853.40	5,777,706.73	Nordex Energy South Africa RF (Pty.) Ltd.
Beebe Wind LLC, Delaware / United States <sup>4</sup> .....	EUR	100.00	0.00	0.00	Nordex USA Management LLC
Corporación Acciona Windpower S.L., Barasoain / Spain <sup>4</sup> .....	EUR	100.00	-2,090.47	97,572,506.38	Nordex SE
Eólicos R4E S.A. de C.V., Tegucigalpa / Honduras .....	EUR	100.00	-871,788.78	-5,528,158.96	Nordex USA Management LLC
Green Hills Wind LLC, Delaware / United States .....	EUR	100.00	0.00	0.00	Nordex USA Inc.
Industria Toledana de Energías Renovables S.L., Barasoain / Spain <sup>4</sup> .....	EUR	100.00	-28,401.24	716,335.88	Acciona Windpower S.A.

	Currency	Shareholding in capital in %	Profit / loss 1.1.–31.12.2016	Equity capital 1.1.–31.12.2016	Share held via
<b>Consolidated affiliated companies (figures as per statutory financial statements or uniform Group accounting principles)</b>					
Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd., Beijing / PR China .....	EUR	100.00	–3,480,205.04	–8,275,321.93	Nordex Energy GmbH Nordex Windpark
Nordex (Chile) SpA, Santiago / Chile .....	EUR	100.00	–1,642,387.33	–3,041,929.10	Beteiligung GmbH
Nordex (Dongying) Wind Power Equipment Manufacturing Co. Ltd., Dongying / PR China .....	EUR	100.00	–1,089,614.48	–1,891,025.43	Nordex Energy GmbH Nordex Energy South Africa RF
Nordex Education Trust, Cape Town / South Africa .....	EUR	100.00	124,216.72	–1,381,821.92	(Pty.) Ltd.
NordexEnergy Uruguay S.A., Montevideo / Uruguay .....	EUR	100.00	–7,195,629.25	–18,300,794.87	Nordex Energy B.V.
Nordex Energy B.V., Rotterdam / Netherlands .....	EUR	100.00	–26,455,563.23	22,519,792.76	Nordex SE
Nordex Energy GmbH, Hamburg <sup>1</sup> .....	EUR	100.00	0.00	7,607,762.18	Nordex SE
Nordex Energy Ibérica S.A., Barcelona / Spain .....	EUR	100.00	–230,075.67	9,284,462.40	Nordex Energy B.V.
Nordex Energy Ireland Ltd., Dublin / Ireland .....	EUR	100.00	–1,406,699.42	–5,006,233.09	Nordex Energy B.V.
Nordex Energy Romania S.r.l., Bucharest / Romania <sup>3</sup> .....	EUR	99.98 / 0.02	–1,326,212.40	–1,684,943.07	Nordex Energy B.V. / Nordex Energy GmbH
Nordex Energy South Africa RF (Pty.) Ltd., Johannesburg / South Africa .....	EUR	80.00 / 20.00	6,626,798.97	12,145,187.24	Nordex Energy GmbH / Nordex Education Trust
Nordex Enerji A.S., Istanbul / Turkey .....	EUR	17.15 / 82.31 / 0.18 / 0.18 / 0.18	13,234,185.30	28,561,121.70	Nordex Energy B.V. / Nordex SE / Nordex Energy GmbH / Nordex Windpark Beteiligung GmbH / Nordex Grundstücks- verwaltung GmbH
Nordex Forum II GmbH & Co. KG, Hamburg .....	EUR	100.00	–277,370.70	–286,550.77	Nordex Energy GmbH

1 Profit transfer agreement; net profit / loss and equity after transfer of profits or profit and loss pooling pursuant to national law

2 Financial statements as at 31.12.2015

3 Provisional financial statements as at 31.12.2016

4 Financial statements from 1.4.2016–31.12.2016

5 Financial statements as at 31.12.2014

	Currency	Shareholding in capital in %	Profit / loss 1.1.–31.12.2016	Equity capital 1.1.–31.12.2016	Share held via
<b>Consolidated affiliated companies (figures as per statutory financial statements or uniform Group accounting principles)</b>					
Nordex Forum II Verwaltungs GmbH, Hamburg	EUR	100.00	2,943.83	21,917.84	Nordex Energy GmbH
Nordex France S.A.S., Paris / France <sup>3</sup>	EUR	100.00	14,270,309.24	27,487,759.03	Nordex Energy B.V.
Nordex Grundstücksverwaltung GmbH, Hamburg <sup>1</sup>	EUR	100.00	0.00	52,000.00	Nordex SE
Nordex Hellas Monoprosopi EPE, Athens / Greece	EUR	100.00	3,296,062.43	4,633,369.96	Nordex Energy GmbH
Nordex Italia S.r.l., Rome / Italy <sup>3</sup>	EUR	100.00	73,011.41	25,663,626.28	Nordex Energy B.V.
Nordex Offshore GmbH, Hamburg	EUR	100.00	-294,633.63	-9,692,076.10	Nordex SE
Nordex Pakistan (Private) Ltd., Islamabad / Pakistan	EUR	100.00	-281,285.14	-6,134,178.55	Nordex Energy GmbH
Nordex Polska Sp. z o.o., Warsaw / Poland	EUR	99.00 / 1.00	1,299,603.00	10,313,279.00	Nordex Energy B.V. / Nordex Energy GmbH
Nordex Singapore Equipment Private Ltd., Singapore / Singapore	EUR	100.00	3,541,141.82	-6,900,936.77	Nordex Energy GmbH
Nordex Singapore Service Private Ltd., Singapore / Singapore	EUR	100.00	2,109.47	-2,351,973.47	Nordex Energy GmbH
Nordex Sverige AB, Uppsala / Sweden	EUR	100.00	-4,872,618.93	26,106.93	Nordex Energy B.V.
Nordex UK Ltd., Manchester / United Kingdom	EUR	100.00	5,300,522.91	5,415,070.22	Nordex Energy B.V.
Nordex USA Inc., Chicago / United States	EUR	100.00	14,250,169.07	30,555,683.25	Nordex Energy B.V.
Nordex USA Management LLC, Chicago / United States	EUR	100.00	-9,082.77	96,172.50	Nordex USA Inc.
Nordex Windpark Beteiligung GmbH, Hamburg <sup>1</sup>	EUR	100.00	0.00	74,825.12	Nordex SE
Nordex Windpower Peru S.A., Lima / Peru <sup>4</sup>	EUR	99.99 / 0.01	-376,514.07	-381,718.68	Acciona Windpower Internacional S.L. / Acciona Windpower S.A.
Nordex Windpower S.A. Buenos Aires/Argentina <sup>4</sup>	EUR	97.00 / 3.00	0.00	5,956.00	Acciona Windpower Internacional S.L. / Acciona Windpower S.A.
Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd., Ningxia / PR China	EUR	100.00	-1,711,728.65	-6,643,817.78	Nordex Energy GmbH
NPV Dritte Windpark GmbH & Co. KG, Hamburg	EUR	100.00	-5,650.51	15,143.95	Nordex Grundstücksverwaltung GmbH
Parque Eólico Llay-Llay SpA, Santiago / Chile	EUR	100.00	-593,957.37	-2,574,278.73	Nordex (Chile) SpA
Shanghai Acciona Windpower Technical Service Co. Ltd., Shanghai / PR China <sup>4</sup>	EUR	100.00	59,381.22	141,823.47	Acciona Windpower Internacional S.L.
Way Wind, LLC, Delaware / United States	EUR	100.00	0.00	0.00	Nordex USA Inc.
<b>Non-consolidated affiliated companies (figures as per statutory financial statements or uniform Group accounting principles)</b>					
Alfresco Renewable Energy Private Limited, Bangalore / India	EUR	99,99 / 0,01	0.00	4,080.48	Nordex Windpark Beteiligung GmbH / Acciona Windpower Internacional S.L.
Cololaca Wind Energy, S.A. de C.V., Tegucigalpa / Honduras	EUR	100.00	0.00	0.00	San Marcos Colon Holding, Inc.

	Currency	Shareholding in capital in %	Profit / loss 1.1.–31.12.2016	Equity capital 1.1.–31.12.2016	Share held via
Éoles Futur Eurowind France S.A.S., Paris / France <sup>3</sup> . . . . .	EUR	100.00	162,700.01	554,508.43	Nordex France S.A.S.
Farma Wiatrowa Liw Sp. z o.o., Warsaw / Poland <sup>3</sup> . . . . .	EUR	99.00 / 1.00	–11,100.00	–76,759.00	Nordex Windpark Beteiligung GmbH / Nordex Energy GmbH
Farma Wiatrowa NXD 1 Sp. z o.o., Warsaw / Poland . . . . .	EUR	100.00	10,625.00	1,130.00	Nordex Windpark Beteiligung GmbH
Farma Wiatrowa NXD V Sp. z o.o., Warsaw / Poland . . . . .	EUR	99.00 / 1.00	–49,117.00	–81,958.00	Nordex Windpark Beteiligung GmbH / Nordex Energy GmbH
Farma Wiatrowa Rozdrażew Sp. z o.o., Warsaw / Poland . . . . .	EUR	99.00 / 1.00	–41,929.00	–239,202.00	Nordex Windpark Beteiligung GmbH / Nordex Energy GmbH
Farma Wiatrowa Wymysłów Sp. z o.o., Warsaw / Poland <sup>3</sup> . . . . .	EUR	99.00 / 1.00	–44,471.00	–90,233.86	Nordex Windpark Beteiligung GmbH / Nordex Energy GmbH
natcon7 GmbH, Hamburg . . . . .	EUR	75.00	1,104,468.17	1,964,505.69	Nordex SE
Nordex Windpark Verwaltung GmbH, Hamburg . . . . .	EUR	100.00	4,406.67	45,445.77	Nordex SE
Nouvions poste de raccordement, Paris / France <sup>3</sup> . . . . .	EUR	100.00	–440.93	4,559.07	Parc Éolien Nordex LXIV Nordex Windpark
Parc Éolien de Zondrange S.A.S., Paris / France <sup>3</sup> . . . . .	EUR	100.00	–3,999.96	–11,629.33	Beteiligung GmbH
Parc Éolien Nordex Belgique I (SPRC), Brussels / Belgium <sup>2</sup> . . . . .	EUR	99.00 / 1.00	–17,443.00	1,157.00	Nordex Windpark Beteiligung GmbH / Nordex Energy GmbH
Parc Éolien Nordex Belgique II (SPRC), Brussels / Belgium <sup>2</sup> . . . . .	EUR	99.00 / 1.00	–9,472.00	9,128.00	Nordex Windpark Beteiligung GmbH / Nordex Energy GmbH
Parc Éolien Nordex 71 S.A.S., Paris / France <sup>3</sup> . . . . .	EUR	100.00	–436.21	36,563.79	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex 72 S.A.S., Paris / France <sup>3</sup> . . . . .	EUR	100.00	–440.93	36,559.07	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex 73 S.A.S., Paris / France <sup>3</sup> . . . . .	EUR	100.00	–440.93	36,559.07	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex 74 S.A.S., Paris / France <sup>3</sup> . . . . .	EUR	100.00	–436.21	36,563.79	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex 75 S.A.S., Paris / France <sup>3</sup> . . . . .	EUR	100.00	–436.21	36,563.79	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex 76 S.A.S., Paris / France <sup>3</sup> . . . . .	EUR	100.00	–436.21	36,563.79	Nordex Windpark Beteiligung GmbH

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5 Financial statements as at 31.12.2014



	Currency	Shareholding in capital in %	Profit / loss 1.1.–31.12.2016	Equity capital 1.1.–31.12.2016	Share held via
<b>Non-consolidated affiliated companies (figures as per statutory financial statements or uniform Group accounting principles)</b>					
Parc Éolien Nordex 77 S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–436.21	36,563.79	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex 78 S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–436.21	36,563.79	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex 79 S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–440.93	36,559.07	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex 80 S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–436.21	36,563.79	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex 81 S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–436.21	36,563.79	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex 82 S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–436.21	36,563.79	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex 83 S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–436.21	36,563.79	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex I S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–2,697.40	14,807.24	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex II S.A.S., Paris / France <sup>3</sup> .....	EUR	34.92	–53,236.77	–45,730.25	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex III S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–9,226.03	–338.72	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex IV S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–2,361.39	17,140.83	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex V S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–5,619.74	13,659.55	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex VII S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–2,360.83	16,982.78	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex X S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–2,543.44	15,425.63	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XVIII S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–9,772.81	309.03	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XX S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	22,585.19	11,975.07	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXI S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–72,682.19	–81,479.74	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXII S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–2,360.99	17,159.14	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXIV S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–2,360.79	17,433.56	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXV S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–2,156.79	17,535.22	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXVI S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–2,546.49	17,145.27	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXVII S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–8,369.49	11,179.91	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXVIII S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–13,183.60	–4,732.78	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXIX S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–2,360.99	17,256.94	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXX S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–5,736.30	13,898.84	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXXI S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–2,360.95	16,925.63	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXXII S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–10,353.03	9,312.03	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LI S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–29,945.42	–18,240.10	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LII S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–17,180.32	–4,390.08	Nordex Windpark Beteiligung GmbH

	Currency	Shareholding in capital in %	Profit / loss 1.1.–31.12.2016	Equity capital 1.1.–31.12.2016	Share held via
<b>Non-consolidated affiliated companies (figures as per statutory financial statements or uniform Group accounting principles)</b>					
Parc Éolien Nordex LIII S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–24,219.27	–11,887.82	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LIV S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–14,262.01	–2,497.47	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LV S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–2,340.79	31,237.39	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LVI S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–9,524.74	24,035.44	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LVII S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–2,341.79	31,235.79	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LVIII S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–2,340.99	31,457.93	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LIX S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–2,552.31	31,246.61	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LX S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–2,340.79	31,458.13	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LXI S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–2,340.79	31,458.13	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LXII S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–3,642.60	33,357.40	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LXIII S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–3,642.60	33,357.40	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LXIV S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–26,135.15	10,864.85	Nordex Windpark Beteiligung GmbH

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	Currency	Shareholding in capital in %	Profit / loss 1.1.–31.12.2016	Equity capital 1.1.–31.12.2016	Share held via
<b>Non-consolidated affiliated companies (figures as per statutory financial statements or uniform Group accounting principles)</b>					
Parc Éolien Nordex LXV S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–3,622.26	33,377.74	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LXVI S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–3,439.08	33,560.92	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LXVII S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–3,439.08	33,560.92	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LXVIII S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–3,439.08	33,560.92	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LXIX S.A.S., Paris / France <sup>3</sup> .....	EUR	100.00	–440.93	36,559.07	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LXX S.A.S. Paris / France <sup>3</sup> .....	EUR	100.00	–440.93	36,559.07	Nordex Windpark Beteiligung GmbH
Parque Eólico Hacienda Quijote SpA, Santiago / Chile .....	EUR	100.00	0.00	0.00	Nordex (Chile) SpA
Qingdao Huawei Wind Power Co. Ltd., Qingdao / PR China <sup>3</sup> .....	EUR	66.70	684,024.64	1,308,435.06	Nordex Energy GmbH
San Marcos Colon Holding, Inc., Chicago / United States .....	EUR	100.00	0.00	0.00	Nordex Windpark Beteiligung GmbH
Sechste Windpark Support GmbH & Co. KG, Hamburg ...	EUR	100.00	–5,281.90	–35,027.55	Nordex Grundstücksverwaltung GmbH
Ventus Kwidzyn Sp. z o.o., Górkí, Poland .....	EUR	50.00	25,925.00	565.00	Farma Wiatrowa NXD 1 Sp. z o.o.
Vientos de Chinchayote, S.A. de C.V., Tegucigalpa / Honduras .....	EUR	99.20 / 0.80	—	—	Nordex Windpark Beteiligung GmbH / Nordex Energy B.V
Vientos de la Baranquilla, S.A. de C.V., Tegucigalpa / Honduras .....	EUR	99.20 / 0.80	—	—	Nordex Windpark Beteiligung GmbH / Nordex Energy B.V
Vientos de la Cahuasca, S.A. de C.V., Tegucigalpa / Honduras .....	EUR	99.20 / 0.80	—	—	Nordex Windpark Beteiligung GmbH / Nordex Energy B.V
Vientos de la Quesera, S.A. de C.V., Tegucigalpa / Honduras .....	EUR	99.20 / 0.80	—	—	Nordex Windpark Beteiligung GmbH / Nordex Energy B.V
Vientos de la Roble, S.A. de C.V., Tegucigalpa / Honduras .....	EUR	99.20 / 0.80	—	—	Nordex Windpark Beteiligung GmbH / Nordex Energy B.V
Vientos de San Juan, S.A. de C.V., Tegucigalpa / Honduras .....	EUR	99.20 / 0.80	—	—	Nordex Windpark Beteiligung GmbH / Nordex Energy B.V
Vindkraftpark Aurvandil AB, Uppsala / Sweden <sup>2</sup> .....	EUR	100.00	–2,608.08	5,135.55	Nordex Windpark Beteiligung GmbH
Vindkraftpark Brynhild AB, Uppsala, Sweden <sup>2</sup> .....	EUR	100.00	–5,974.73	1,631.16	Nordex Sverige AB
Vindkraftpark Dieser AB, Uppsala / Sweden <sup>2</sup> .....	EUR	100.00	–519.95	2,097.95	Nordex Windpark Beteiligung GmbH
Vindkraftpark Embla AB, Uppsala / Sweden <sup>2</sup> .....	EUR	100.00	–519.95	2,097.95	Nordex Windpark Beteiligung GmbH
Vindkraftpark Freja AB, Uppsala / Sweden <sup>2</sup> .....	EUR	100.00	–519.95	2,097.95	Nordex Windpark Beteiligung GmbH
<b>Associates (figures as per statutory financial statements or uniform Group accounting principles)</b>					
C & C Wind Sp. z o.o., Natolin / Poland .....	EUR	40.00	–1,331,196.06	17,005,014.59	Nordex Windpark Beteiligung GmbH
GN Renewable Investments S.à r.l., Luxembourg / Luxembourg <sup>3</sup> .....	EUR	30.00	3,574,924.13	2,544,737.81	Nordex Windpark Beteiligung GmbH

	Currency	Shareholding in capital in %	Profit / loss 1.1.–31.12.2016	Equity capital 1.1.–31.12.2016	Share held via
KNK Wind GmbH, Frankfurt am Main <sup>3</sup> . . . . .	EUR	38.89	–530,968.40	1,347,848.38	Nordex Offshore GmbH
<b>Other shares (figures as per statutory financial statements or uniform Group accounting principles)</b>					
Éoliennes de la Vallée S.A.S., Amiens / France <sup>3</sup> . . . . .	EUR	50.00	–2,205.00	–7,088.00	Nordex France S.A.S.
K/S Whitewater Wind Power Invest I, Fredensborg / Denmark, Komplementarselskabet Whitewater Invest I ApS, Helsingør / Denmark <sup>5</sup> . . . . .	EUR	33.33	20,559.56	–203,959.22	Nordex Energy GmbH
K / S Whitewater Wind Power Invest VII, Fredensborg / Denmark, Komplementarselskabet Whitewater Invest VII ApS, Helsingør / Denmark <sup>5</sup> . . . . .	EUR	11.11	–28,617.86	–229,959.88	Nordex Energy GmbH
K / S Whitewater Wind Power Invest VIII, Fredensborg / Denmark, Komplementarselskabet Whitewater Invest VIII ApS, Helsingør / Denmark <sup>5</sup> . . . . .	EUR	11.11	49,250.06	–210,839.66	Nordex Energy GmbH
Vent d'est S.à r.l., Paris / France <sup>3</sup> . . . . .	EUR	50.00	–796.01	–7,000.72	Nordex France S.A.S.

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## RESPONSIBILITY STATEMENT

### Responsibility statement in accordance with Sections 297 (2) 4 and 315 (1) 6 of the German Commercial Code

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Nordex SE

Rostock, 17 March 2017



Lars Bondo Krogsgaard  
Chairman of the Management Board



Patxi Landa  
Member of the Management Board



José Luis Blanco  
Member of the Management Board



Christoph Burkhard  
Member of the Management Board

*“The following auditor’s report (Bestätigungsvermerk) has been issued in accordance with Section 322 of the German Commercial Code (Handelsgesetzbuch) on the consolidated financial statements and group management report (Konzernlagebericht) of Nordex SE, Hamburg, as of and for the financial year ended December 31, 2016. **The group management report is neither included nor incorporated by reference in the Company Report.**”*

#### AUDITOR’S REPORT\*

We have audited the consolidated financial statements prepared by Nordex SE, comprising the consolidated statement of financial position, the consolidated income statement and statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and notes to the consolidated financial statements, together with the group management report, which is combined with the management report of the Nordex SE for the business year from January 1 to December 31, 2016. The preparation of the consolidated financial statements and the combined management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB (“Handelsgesetzbuch”: German Commercial Code) are the responsibility of the parent Company’s Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company’s Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined management report is consistent with the consolidated financial statements and complies with the legal requirements and as a whole provides a suitable view of the Group’s position and suitably presents the opportunities and risks of future development.

Hamburg, 17 March 2017

PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

Claus Brandt  
Wirtschaftsprüfer  
(German Public Auditor)

Dr Thomas Ull  
Wirtschaftsprüfer  
(German Public Auditor)

\* Translation of the auditor’s report issued in German on the consolidated financial statements prepared in German by the management of Nordex SE.



**Nordex SE**  
**Audited Consolidated Financial Statements as of and for the year ended December 31, 2015**

## Consolidated balance sheet

as of 31 December 2015

<u>Assets</u>	<u>Notes</u>	<u>31.12.2015</u> <u>EUR thousand</u>	<u>31.12.2014</u> <u>EUR thousand</u>
Cash and cash equivalents . . . . .	(1)	528,973	388,420
Trade receivables and future receivables from construction contracts . . . . .	(2)	275,466	185,461
Inventories . . . . .	(3)	218,609	273,880
Income tax refund claims . . . . .		4,837	1,720
Other current financial assets . . . . .	(4)	42,112	27,513
Other current non-financial assets . . . . .	(5)	68,956	44,211
<b>Current assets . . . . .</b>		<b><u>1,138,953</u></b>	<b><u>921,205</u></b>
Property, plant and equipment . . . . .	(6)	145,614	136,193
Goodwill . . . . .	(7)	9,960	9,960
Capitalised development expense . . . . .	(8)	110,933	106,118
Other intangible assets . . . . .	(9)	5,796	2,866
Financial assets . . . . .	(10)	2,179	2,211
Investments in associates . . . . .	(11)	8,699	13,320
Other non-current financial assets . . . . .	(12)	2,866	3,131
Other non-current non-financial assets . . . . .	(13)	28	13
Deferred income tax assets . . . . .	(14)	35,100	44,833
<b>Non-current assets . . . . .</b>		<b><u>321,175</u></b>	<b><u>318,645</u></b>
 <b>Assets . . . . .</b>		 <b><u>1,460,128</u></b>	 <b><u>1,239,850</u></b>

<b>Equity and liabilities</b>	<b>Notes</b>	<b>31.12.2015 EUR thousand</b>	<b>31.12.2014 EUR thousand</b>
Current bank borrowings . . . . .	(15)	6,572	0
Trade payables . . . . .	(16)	254,926	177,479
Income tax liabilities . . . . .	(17)	11,900	3,905
Other current provisions . . . . .	(18)	66,491	31,130
Other current financial liabilities . . . . .	(19)	184,202	25,679
Other current non-financial liabilities . . . . .	(20)	353,495	391,052
<b>Current liabilities</b> . . . . .		<b>877,586</b>	<b>629,245</b>
Non-current bank borrowings . . . . .	(21)	43,750	0
Pensions and similar obligations . . . . .	(22)	1,731	1,786
Other non-current provisions . . . . .	(18)	22,617	21,430
Other non-current financial liabilities . . . . .	(23)	0	156,771
Other non-current non-financial liabilities . . . . .	(24)	3,490	3,775
Deferred income tax liabilities . . . . .	(14)	55,357	30,844
<b>Non-current liabilities</b> . . . . .		<b>126,945</b>	<b>214,606</b>
Subscribed capital . . . . .		80,882	80,882
Share premium . . . . .		229,114	242,624
Other retained earnings . . . . .		-10,961	-7,951
Cash flow hedges . . . . .		1,730	-2,901
Foreign-currency adjustment item . . . . .		5,651	1,762
Consolidated net profit carried forward . . . . .		149,181	81,583
Consolidated net profit . . . . .		0	0
Share in equity attributable to parent company's equity holders . . . . .		455,597	395,999
<b>Equity</b> . . . . .	(25)	<b>455,597</b>	<b>395,999</b>
<b>Equity and liabilities</b> . . . . .		<b>1,460,128</b>	<b>1,239,850</b>

## Consolidated income statement

for the period from 1 January to 31 December 2015

	Notes	01.01–31.12.2015 EUR thousand	01.01–31.12.2014 EUR thousand
Sales .....	(27)	2,430,105	1,734,531
Changes in inventories and other own work capitalised .....	(28)	–14,016	4,934
<b>Total revenues</b> .....		<b>2,416,089</b>	<b>1,739,465</b>
Other operating income .....	(29)	21,444	22,671
Cost of materials .....	(30)	–1,879,829	–1,342,707
Personnel expenses .....	(31)	–197,260	–167,728
Depreciation/amortisation .....	(32)	–56,139	–43,024
Other operating expenses .....	(33)	–178,069	–130,652
<b>Earnings before interest and taxes (EBIT)</b> .....		<b>126,236</b>	<b>78,025</b>
Income from investments .....		1,043	330
Net profit/loss from at-equity valuation .....		–1,216	–2,477
Depreciation of financial assets .....		–7,087	–2,506
Other interest and similar income .....		2,360	2,429
Interest and similar expenses .....		–23,275	–20,458
<b>Net finance expense</b> .....	(34)	<b>–28,175</b>	<b>–22,682</b>
<b>Net profit/loss from ordinary activity</b> .....		<b>98,061</b>	<b>55,343</b>
Income taxes .....	(35)	–45,789	–16,337
<b>Consolidated profit</b> .....		<b>52,272</b>	<b>39,006</b>
Of which attributable to:			
Parent company's equity holders .....		52,272	39,006
<b>Earnings per share (in EUR)</b> .....	(36)		
Basic <sup>1</sup> .....		0.65	0.48
Diluted <sup>2</sup> .....		0.65	0.48

1 Based on a weighted average of 80.882 million shares (previous year 80.882 million shares)

2 Based on a weighted average of 80.882 million shares (previous year 80.957 million shares)

## Consolidated statement of comprehensive income

for the period from 1 January to 31 December 2015

	01.01–31.12.2015 EUR thousand	01.01–31.12.2014 EUR thousand
<b>Consolidated profit</b> .....	<b><u>52,272</u></b>	<b><u>39,006</u></b>
Other comprehensive income		
Items which may be recycled to profit and loss		
Foreign currency translation difference .....	3,889	–1,582
Cash flow hedges .....	6,815	–13,071
Deferred income taxes .....	–2,184	4,007
Items which are not recycled to profit and loss		
Remeasurement of defined benefit pension plans .....	281	–341
Deferred income taxes .....	–90	109
<b>Consolidated comprehensive income</b> .....	<b><u>60,983</u></b>	<b><u>28,128</u></b>
Of which attributable to:		
Parent company's equity holders .....	60,983	28,128

## Consolidated cash flow statement

for the period from 1 January to 31 December 2015

	<u>01.01–31.12.2015</u> EUR thousand	<u>01.01–31.12.2014<sup>1</sup></u> EUR thousand
<b>Operating activities:</b>		
Consolidated profit . . . . .	52,272	39,006
+ Depreciation/amortisation of non-current assets . . . . .	63,226	45,530
<b>= Consolidated profit plus depreciation/amortisation . . . . .</b>	<b>115,498</b>	<b>84,536</b>
+/- Decrease/increase in inventories . . . . .	55,271	-9,975
-/+ Increase/decrease in trade receivables and future receivables from construction contracts . . . . .	-90,005	28,567
+/- Increase/decrease in trade payables . . . . .	77,447	-12,771
-/+ Decrease/increase in prepayments received – liabilities – . . . . .	-53,567	65,176
<b>= Payments made/received from changes in working capital . . . . .</b>	<b>-10,854</b>	<b>70,997</b>
-/+ Increase/decrease in other assets not allocated to investing or financing activities . . . . .	-36,029	20,552
-/+ Decrease/increase in pension provisions . . . . .	-55	344
+/- Increase/decrease in other provisions . . . . .	36,548	-9,897
+/- Increase/decrease in other liabilities not allocated to investing or financing activities . . . . .	16,387	-8,970
+/- Loss/gain from the disposal of non-current assets . . . . .	1,222	-6,023
- Other interest and similar income . . . . .	-2,360	-2,429
+ Interest received . . . . .	2,337	2,328
+ Interest and similar expenses . . . . .	23,275	20,458
- Interest paid . . . . .	-22,462	-19,916
+ Income taxes . . . . .	45,789	16,337
- Taxes paid . . . . .	-3,972	-2,728
+/- Other non-cash expenses/income . . . . .	2,663	-5,299
<b>= Payments received from remaining operating activities . . . . .</b>	<b>63,343</b>	<b>4,757</b>
<b>= Cash flow from operating activities . . . . .</b>	<b>167,987</b>	<b>160,290</b>
<b>Investing activities:</b>		
+ Payments received from the disposal of property, plant and equipment/ intangible assets . . . . .	168	9,842
- Payments made for investments in property, plant and equipment/ intangible assets . . . . .	-78,747	-77,048
+ Payments received from the disposal of financial assets . . . . .	3,774	3,057
- Payments made for investments in financial assets . . . . .	-2,229	-8,201
+ Payments received from investment grants . . . . .	3,647	760
<b>= Cash flow from investing activities . . . . .</b>	<b>-73,387</b>	<b>-71,590</b>

1 The previous year has been restated due to the inclusion of fixed-term deposits in cash and cash equivalents.



	01.01–31.12.2015 EUR thousand	01.01–31.12.2014 <sup>1</sup> EUR thousand
<b>Financing activities:</b>		
+ Bank loans raised . . . . .	50,000	0
– Bank loans repaid . . . . .	0	–25,316
– Repayment of finance leases . . . . .	0	–12,963
<b>= Cash flow from financing activities . . . . .</b>	<b>50,000</b>	<b>–38,279</b>
<b>Cash change in cash and cash equivalents . . . . .</b>	<b>144,600</b>	<b>50,421</b>
+ Cash and cash equivalents at the beginning of the period . . . . .	388,420	332,963
–/+ Exchange rate-induced change in cash and cash equivalents . . .	–4,047	5,036
<b>= Cash and cash equivalents at the end of the period<sup>2</sup> (Cash and cash equivalents carried on the face of the consolidated balance sheet) . . . . .</b>	<b>528,973</b>	<b>388,420</b>

1 The previous year has been restated due to the inclusion of fixed-term deposits in cash and cash equivalents.

2 Escrow account EUR 0 (2014: EUR 392 thousand)

# Consolidated statement of changes in equity

for the period from 1 January to 31 December 2015

	Subscribed capital EUR thousand	Share premium EUR thousand	Other retained earnings EUR thousand	Cash flow hedges EUR thousand	Foreign currency adjustment item EUR thousand	Consolidated net profit carried forward EUR thousand	Consolidated net profit/loss EUR thousand	Capital attributable to the parent company's equity holders EUR thousand	Total equity EUR thousand
<b>01.01.2015</b> .....	<b>80,882</b>	<b>242,624</b>	<b>-7,951</b>	<b>-2,901</b>	<b>1,762</b>	<b>81,583</b>	<b>0</b>	<b>395,999</b>	<b>395,999</b>
Employee stock option programme ....	0	-1,385	0	0	0	0	0	-1,385	-1,385
Consolidated comprehensive income ...	0	0	191	4,631	3,889	0	52,272	60,983	60,983
Consolidated net profit .....	0	0	0	0	0	0	52,272	52,272	52,272
Other comprehensive income									
Items which may be recycled to profit and loss									
Foreign currency translation difference .....	0	0	0	0	3,889	0	0	3,889	3,889
Cash flow hedges .....	0	0	0	6,815	0	0	0	6,815	6,815
Deferred income taxes .....	0	0	0	-2,184	0	0	0	-2,184	-2,184
Items which are not recycled to profit and loss									
Remeasurement of defined benefit pension plans .....	0	0	281	0	0	0	0	281	281
Deferred income taxes .....	0	0	-90	0	0	0	0	-90	-90
Utilisation of profit and consolidated net profit/loss carried forward									
Consolidated net profit carried forward .....	0	-12,125	-3,201	0	0	67,598	-52,272	0	0
<b>31.12.2015</b> .....	<b>80,882</b>	<b>229,114</b>	<b>-10,961</b>	<b>1,730</b>	<b>5,651</b>	<b>149,181</b>	<b>0</b>	<b>455,597</b>	<b>455,597</b>

# Consolidated statement of changes in equity

for the period from 1 January to 31 December 2014

	Subscribed capital EUR thousand	Share premium EUR thousand	Other retained earnings EUR thousand	Cash flow hedges EUR thousand	Foreign currency adjustment item EUR thousand	Consolidated net profit carried forward EUR thousand	Consolidated net profit EUR thousand	Capital attributable to the parent company's equity holders EUR thousand	Total equity EUR thousand
<b>01.01.2014</b> .....	<b>80.882</b>	<b>242.888</b>	<b>-10.920</b>	<b>6.163</b>	<b>3.344</b>	<b>45.778</b>	<b>0</b>	<b>368.135</b>	<b>368.135</b>
Employee stock option programme .....	0	-264	0	0	0	0	0	-264	-264
Consolidated comprehensive income .....	0	0	-232	-9.064	-1.582	0	39.006	28.128	28.128
Consolidated profit .....	0	0	0	0	0	0	39.006	39.006	39.006
Other comprehensive income									
Items which may be recycled to profit and loss									
Foreign currency translation difference .....	0	0	0	0	-1.582	0	0	-1.582	-1.582
Cash flow hedges .....	0	0	0	-13.071	0	0	0	-13.071	-13.071
Deferred income taxes .....	0	0	0	4.007	0	0	0	4.007	4.007
Items which are not recycled to profit and loss									
Remeasurement of defined benefit pension plans .....	0	0	-341	0	0	0	0	-341	-341
Deferred income taxes .....	0	0	109	0	0	0	0	109	109
Utilisation of profit and consolidated net profit/loss carried forward Consolidated net profit carried forward .....	0	0	3.201	0	0	35.805	-39.006	0	0
<b>31.12.2014</b> .....	<b>80.882</b>	<b>242.624</b>	<b>-7.951</b>	<b>-2.901</b>	<b>1.762</b>	<b>81.583</b>	<b>0</b>	<b>395.999</b>	<b>395.999</b>

## Notes on the consolidated financial statements

for the year from 1 January until 31 December 2015

### General information

Nordex SE, a listed Societas Europaea, and its subsidiaries develop, manufacture and distribute wind power systems, particularly large multimegawattclass turbines, in Germany and in other countries. Nordex SE is domiciled in Rostock, Germany. However, its headquarters are located at Langenhorner Chaussee 600, 22419 Hamburg, Germany.

Nordex SE stock is admitted to regulated trading subject to the advanced admission obligations (TecDAX) stipulated by Deutsche Börse. Its nominal capital as of 31 December 2015 stands at EUR 80,882,447 (2014: EUR 80,882,447) and is divided into 80,882,447 (2014: 80,882,447) fully paid-up no-par-value shares with a notional value of EUR 1 each.

Nordex SE's consolidated financial statements for 2015 were approved for publication in a resolution passed by the Management Board on 24 February 2016.

### Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the accounting periods presented, unless otherwise stated.

### Basis of preparation

The consolidated financial statements of Nordex SE and its subsidiaries were prepared in accordance with Section 315a of the German Commercial Code using the International Financial Reporting Standards (IFRS) as they are to be applied in the European Union. In this connection, all International Financial Reporting Standards and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) binding for the 2015 reporting year were applied.

The consolidated financial statements were prepared using the historical cost method supplemented with fair-value measurement of the financial assets classified as available for sale and the assets and liabilities at fair value through profit and loss (including derivative financial instruments).

The consolidated financial statements are prepared in thousands of euros.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the section entitled "Critical accounting estimates and assumptions".

As in the previous year, Nordex SE applied the current/non-current distinction provided for in IAS 1 for accounting for assets and liabilities in 2015.

At Nordex SE and all its consolidated companies, the fiscal year is identical to the calendar year.

### Effects of new accounting standards

The new and revised standards to be applied in 2015 as a result of endorsement by the European Union are as follows:

<u>Standard/Interpretation</u>	<u>Published by IASB</u>	<u>Mandatory application stipulated by IASB</u>
IAS 19 Employee benefits . . . . .	21.11.2013	01.07.2014
Annual IFRS improvements cycle 2010–2012 . . . . .	12.12.2013	01.07.2014
Annual IFRS improvements cycle 2011–2013 . . . . .	12.12.2013	01.07.2014

The application of the new and revised standards and interpretations does not have any material effects on the consolidated financial statements.

New and revised standards and interpretations which were not yet mandatory in 2015 and have not been early adopted by the Group:

<b>Standard/Interpretation</b>		<b>Published by IASB</b>	<b>Mandatory application stipulated by IASB</b>
IAS 1	Presentation of the financial statements	18.12.2014	01.01.2016
IAS 16	Property, plant and equipment	12.05.2014/ 30.06.2014	01.01.2016
IAS 27	Separate financial statements	12.08.2014	01.01.2016
IAS 28	Investment in associated companies and joint ventures	11.09.2014/ 18.12.2014	01.01.2016
IAS 38	Intangible assets	12.05.2014	01.01.2016
IAS 41	Agriculture	30.06.2014	01.01.2016
IFRS 9	Financial instruments	24.07.2014	01.01.2018
IFRS 10	Consolidated financial statements	11.09.2014/ 18.12.2014	01.01.2016
IFRS 11	Joint arrangements	06.05.2014	01.01.2016
IFRS 12	Disclosures of interests in other entities	18.12.2014	01.01.2016
IFRS 14	Regulatory deferral accounts	30.01.2014	01.01.2016
IFRS 15	Revenue from contracts with customers	11.09.2015	01.01.2018
IFRS 16	Leases	13.01.2016	01.01.2019
Annual IFRS improvements cycle 2012–2014		25.09.2014	01.01.2016

IFRS 9 introduces new guidance for the classification and measurement of financial assets among other things. Categorisation is based on the company's business model and the characteristics of the contractual payment flows under the financial asset in question. Further changes over the previous accounting practice concern the guidance on hedge accounting and the recognition of impairments.

Under the new guidance provided by IFRS 15, the amount of revenue recognised in many cases no longer matches the amount invoiced to the customer particularly in connection with multi-component transactions involving several different contractual services. As a result, changes may arise with respect to the amount and timing of revenue recognition among other things. This particularly refers to installation and service contracts, which were previously accounted for independently.

No use was made of the possibility for early adoption. The effects of the new and revised standards are being examined in detail.

Moreover, there are no changes in the accounting and measurement methods used compared with the previous year.

## ***Consolidation***

### ***Subsidiaries***

Subsidiaries are defined as all entities (including structured companies) which are controlled by the Group. The Group controls an investee if it has power over it or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Group's returns.

An investee is consolidated from the day on which the investor gains control of it and ends when the investor loses control over it.

Subsidiaries acquired are accounted for using the acquisition method. The acquisition costs equal the fair value of the assets acquired, equity instruments issued and the liabilities arising or assumed as of the date of exchange. In addition, the consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Any transaction costs are reported within profit and loss when they arise. For the purpose of accounting for business combinations, identifiable assets, liabilities and contingent liabilities are consolidated for the first time at their fair value as of the date of acquisition.

The Group makes an individual decision for each business combination whether the non-controlling interests in the acquiree are measured at fair value or on the basis of the proportionate share of the acquiree's net assets.

Goodwill is recognised as the excess of the costs of the business combination, the amount of the non-controlling interests in the acquiree and the fair value of any previously held shares as of the date of acquisition over the Group's shares in the net assets measured at their fair value. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Internal Group transactions, balances as well as unrealised gains and losses from internal Group transactions are eliminated. Where necessary, the accounting policies applied by the subsidiaries have been modified to ensure consistent Group-wide accounting practices.

#### *Transactions with non-controlling interests*

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases of non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence over a company, any retained interest in the company is remeasured at its fair value, with the change in carrying amount recognised in profit or loss.

The fair value is defined as the initial fair value of an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that company are accounted for as if the Group had directly disposed of the related assets or liabilities. This means that amounts previously recognised in other comprehensive income are recycled to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are recycled to profit or loss where appropriate.



The companies consolidated comprise the following eight (2014: six) domestic and 27 (2014: 27) non-domestic companies:

<u>Name</u>	<u>Share in capital/ voting rights 31.12.2015 %</u>	<u>Share in capital/ voting rights 31.12.2014 %</u>
Nordex SE, Rostock (Group parent) . . . . .	—	—
Beebe Wind LLC, Delaware, United States . . . . .	100.0	100.0
Eólicos R4E S.A. de C.V., Tegucigalpa, Honduras . . . . .	100.0	100.0
Green Hills Wind LLC, Delaware, United States . . . . .	100.0	100.0
Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd, Beijing, China . . . . .	100.0	100.0
Nordex (Chile) SpA, Santiago, Chile . . . . .	100.0	100.0
Nordex (Dongying) Wind Power Equipment Manufacturing Co. Ltd., Dongying, China . . . . .	100.0	100.0
Nordex Education Trust, Capetown, South Africa . . . . .	100.0	100.0
NordexEnergy Uruguay S.A., Montevideo, Uruguay . . . . .	100.0	100.0
Nordex Energy B.V., Rotterdam, Netherlands . . . . .	100.0	100.0
Nordex Energy GmbH, Hamburg . . . . .	100.0	100.0
Nordex Energy Ibérica S.A., Barcelona, Spain . . . . .	100.0	100.0
Nordex Energy Ireland Ltd., Dublin, Ireland . . . . .	100.0	100.0
Nordex Energy Romania S.r.l., Bucharest, Romania . . . . .	100.0	100.0
Nordex Energy South Africa RF (Pty.) Ltd., Illovo, South Africa . . . . .	100.0	100.0
Nordex Enerji A.S., Istanbul, Turkey . . . . .	100.0	100.0
Nordex Forum II GmbH & Co. KG, Hamburg . . . . .	100.0	—
Nordex Forum II Verwaltungs GmbH, Hamburg . . . . .	100.0	—
Nordex France S.A.S., La Plaine Saint-Denis, France . . . . .	100.0	100.0
Nordex Grundstücksverwaltung GmbH, Hamburg . . . . .	100.0	100.0
Nordex Hellas Monoprosopi EPE, Athens, Greece . . . . .	100.0	100.0
Nordex Italia S.r.l., Rome, Italy . . . . .	100.0	100.0
Nordex Offshore GmbH, Hamburg . . . . .	100.0	100.0
Nordex Pakistan (Private) Ltd., Islamabad, Pakistan . . . . .	100.0	100.0
Solar Polska Sp. z o.o., Warsaw, Poland . . . . .	100.0	100.0
Nordex Singapore Equipment Private Ltd., Singapore . . . . .	100.0	100.0
Nordex Singapore Service Private Ltd., Singapore . . . . .	100.0	100.0
Nordex Sverige AB, Uppsala, Sweden . . . . .	100.0	100.0
Nordex UK Ltd., Manchester, United Kingdom . . . . .	100.0	100.0
Nordex USA Inc., Chicago, United States . . . . .	100.0	100.0
Nordex USA Management LLC, Chicago, United States . . . . .	100.0	100.0
Nordex Windpark Beteiligung GmbH, Hamburg . . . . .	100.0	100.0
Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd., Ningxia, China . . . . .	100.0	100.0
NPV Dritte Windpark GmbH & Co. KG, Hamburg . . . . .	100.0	100.0
Way Wind, LLC, Delaware, United States . . . . .	100.0	100.0

The following companies were consolidated for the first time in the year under review:

<u>Name</u>		<u>Date of acquisition/ incorporation</u>
Nordex Forum II GmbH & Co. KG, Hamburg <sup>1</sup> . . . . .	Incorporation	04.10.2015
Nordex Forum II Verwaltungs GmbH, Hamburg <sup>1</sup> . . . . .	Incorporation	28.09.2015

1 Consolidated for the first time effective 30 November 2015.

No companies were deconsolidated in the period under review.

On 4 October 2015, the Management Board of Nordex SE decided with the approval of the Supervisory Board to acquire Corporación Acciona Windpower S.L. (Acciona Windpower) from Acciona S.A. (Acciona).

The merger of the activities of Nordex and Acciona Windpower will give rise to a globally positioned company capable of addressing 85% (excluding China) of the global onshore market. Nordex and Acciona Windpower complement each other in a number of key business areas. Whereas Nordex has a strong presence in the European market, Acciona Windpower is well positioned in North and South America as well as in the emerging markets. Nordex wind power systems are particularly suitable for complex projects requiring sophisticated technological solutions. By contrast, Acciona Windpower turbines can be used primarily in large-scale projects in simpler surrounding conditions.

Under the terms of the business combination agreement of 4 October 2015, Acciona will be transferring the wind power business which it operates directly or indirectly via its 100% subsidiary Acciona Windpower to Nordex SE in the form of a combined cash/ non-cash capital contribution. In return, Nordex SE will be utilising the capital authorised in accordance with its articles of incorporation to issue 16.1 million new shares subject to the exclusion of shareholders' pre-emptive subscription rights to grant Acciona new shares at an issue amount of EUR 26.00 per share. In addition, Acciona is to receive a cash payment of EUR 366.4 million adjusted for an amount equalling the net financial liabilities held by Acciona Windpower.

The agreed purchase price before adjustments for net financial liabilities stands at EUR 785.0 million. Execution of the business combination agreement including the issue of new share capital is expected for the second quarter of 2016 subject to the discharge of the customary conditions precedent as provided for in the agreement (particularly antitrust clearance). In connection with the transaction, Nordex mandated its banks to underwrite a bonded loan issue in December 2015. The proceeds from the issue are to be used to finance the payment of the purchase price. The bridge facility of 15 December 2015 is also available as a backup.

Following the completion of the transaction, Acciona will hold 16.6% of Nordex SE's shares. Furthermore, Nordex SE's principal shareholders, SKion GmbH and momentum-capital Vermögensverwaltungsgesellschaft mbH, have announced that they have entered into a contract on the same arm's length terms as those provided for in the business combination agreement to sell part of their (in)directly held shares in Nordex SE to Acciona subject to execution of the business combination agreement. Accordingly, Acciona will hold a total of around 29.9% of Nordex SE's shares after the completion of the acquisition. At the same time, the share held by SKion GmbH/momentum-capital Vermögensverwaltungsgesellschaft mbH will be reduced to around 5.7%.

Nordex had not yet gained control over Acciona Windpower as of the reporting date or during the period in which these financial statements were prepared. A business combination as defined in IFRS 3 will not arise until the transaction has been completed and antitrust clearance has been received.

There are management and profit-transfer agreements in force between Nordex SE and its consolidated domestic companies with the exception of Nordex Offshore GmbH, der Nordex Forum II GmbH & Co. KG, der Nordex Forum II Verwaltungs GmbH and NPV Dritte Windpark GmbH & Co. KG H with a corresponding effect on the Group's tax situation. Corporate tax and trade tax groups have been established between Nordex SE and Nordex Energy GmbH, Nordex Grundstücksverwaltung GmbH as well as Nordex Windpark Beteiligung GmbH. A value added tax group has been established between Nordex SE and Nordex Energy GmbH, Nordex Forum II Verwaltungs GmbH, Nordex Grundstücksverwaltung GmbH and Nordex Windpark Beteiligung GmbH. The list of shareholdings as of 31 December 2015 is attached to these notes.

For the purposes of liability consolidation, all receivables and liabilities as well as unrealised gains and losses on internal Group transactions between consolidated companies of EUR 2,727,001 thousand (2014: EUR 2,277,785 thousand) are netted against each other.

Internal Group transactions as well as unrealised gains and losses from internal Group transactions are eliminated. In connection with the consolidation of expenses and income, internal Group deliveries of services and goods, expenses and income arising from transfer transactions and unrealised profit and loss from internal Group transactions of EUR 857,220 thousand (2014: EUR 690,754 thousand) were eliminated.

### *Associates*

Associates are all entities over which the Group has significant influence but not control, generally accompanied by a shareholding of between 20% and 50% of the voting rights.

They are accounted for using the equity method of accounting and initially recognised at cost. The Group's investments in associates include goodwill (net of any accumulated impairment loss) identified on acquisition. The Group's share in its associates' profits or losses is recognised in the income statement as of the date of

acquisition and its share in changes in reserves is recognised in consolidated reserves. The accumulated post-acquisition movements are adjusted against the carrying amount of the investment. If the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise any further losses unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, the accounting policies applied by the associates have been modified to ensure consistent Group-wide accounting. Dilution gains and losses arising from shares held in associates are recorded in profit and loss.

### ***Foreign-currency translation***

#### *Functional currency and reporting currency*

The items included in the financial statements of each consolidated company are measured on the basis of the currency which corresponds to the currency of the primary economic environment in which it operates (functional currency). The consolidated financial statements are presented in euros, which is Nordex SE's functional and presentation currency.

#### *Transactions and balances*

Foreign-currency transactions are translated into the functional currency using the exchange rates prevailing on the date of the transaction. Gains and losses from the transaction-date translation of monetary assets and liabilities held in a foreign currency are taken to the income statement.

Foreign exchange gains and losses resulting from the translation of cash, cash equivalents and other financial assets or liabilities are presented in the income statement under other operating income or other operating expenses.

#### *Group enterprises*

The assets and liabilities of all consolidated companies with a functional currency other than the euro are translated using the exchange rate prevailing on each reporting date.

The income and expenses of all consolidated companies with a functional currency other than the euro are translated into euro at the monthly average exchange rate for each income statement (unless the use of the average exchange rate does not result in a reasonable approximation of the cumulative effects which would have arisen had the exchange rate applicable on the dates of the individual transactions been applied; in this case, income and expenses are translated at the rates prevailing on the transaction dates).

Any translation differences are recorded as a separate item in other reserves in equity (foreign currency adjustment item).

The following table sets out the main exchange rates against the euro of importance to the Group:

<u>Exchange rates EUR 1.00 equals</u>	<u>Average exchange rates for the year</u>		<u>End-of-year exchange rate as of 31.12.</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
CNY .....	6.9145	8.1090	7.0767	7.4437
GBP .....	0.7195	0.8028	0.7357	0.7789
PKR .....	112.8172	133.0902	114.2296	122.1493
PLN .....	4.2717	4.1924	4.2670	4.2820
SEK .....	9.1925	9.1160	9.1800	9.3800
TRY .....	3.1315	2.8923	3.1884	2.8300
USD .....	1.0728	1.3189	1.0895	1.2155
UYU .....	31.9489	30.6466	32.6264	29.1715
ZAR .....	16.0436	14.3102	17.0010	14.0292

### ***Cash and cash equivalents***

Cash and cash equivalents include cash in hand and sight deposits as well as fixed-term deposits with a rolling original term of between three and twelve months. Utilised current account overdrafts are netted with cash and cash equivalents.

### ***Trade receivables and future receivables from construction contracts***

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or within the normal operating cycle of the business if longer), they are classified as current assets. Otherwise they are classified as non-current.

Trade receivables are categorised as loans and receivables. They are initially recognised at fair value and subsequently measured at amortised cost, less any impairment losses, which are calculated on the basis of an individual risk assessment.

Future receivables from construction contracts are amounts due from services performed within the framework of specific customer construction contracts, which are recorded using the percentage-of-completion method (POC method) after deducting expected losses. They are netted with prepayments received. Future receivables from construction contracts are classified as loans and receivables.

### ***Inventories***

Inventories are reported at historical cost. Generally speaking, the average method is used to calculate historical cost. The production costs include full costs calculated on the basis of normal capacity utilisation. Specifically, the production costs include directly attributable costs as well as material and production overheads including production-related charges and pension expenses. In addition, production-related administrative overheads are assigned to production costs. Borrowing costs which are directly attributable to the construction of wind power systems and their components as well as advance outlays for project development, rights and infrastructure are included in construction costs.

Suitable adjustments are made to allow for any inventory risks in connection with reduced merchantability. If the net recoverable amount of the inventories on the balance-sheet date is less than their book value, they are written down accordingly. In the event of an increase in the net realisable value of inventories for which impairment expense has previously been recognised, the resultant reversal amount is deducted from the cost of materials or recognised as an increase in inventories.

### ***Financial assets***

#### ***Classification***

Financial assets are allocated to the following categories: “at fair value through profit and loss”, “loans and receivables” and “available for sale”. The “held to maturity” category is not dealt with in any detail due to its lack of relevance for the Group.

Classification depends on the purpose for which the financial assets were acquired. Management determines the category of the financial asset upon initial recognition.

- Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are financial assets which are held for trading. In addition, a financial asset is assigned to this category if it has principally been acquired for the purpose of being sold in the near term. Derivatives are also assigned to this category unless they are designated as hedges. Assets in this category are recognised as current assets provided that they are due for settlement in less than twelve months; otherwise they are reported as non-current assets.

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date. Otherwise they are classified as non-current. The Group’s loans and receivables are reported in the balance sheet within cash and cash equivalents, fixed-term deposits, trade receivables and future receivables under construction contracts as well as other current financial assets.

- Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial instruments that are either designated in this category or not classified in any of the other categories. They are reported within non-current assets unless management intends to dispose of the investment within twelve months of the reporting date and the asset does not fall due for settlement during this period.

#### *Recognition and measurement*

All purchases and sales of financial assets are recognised on the trade date, i.e. the date on which the Company assumes an obligation to buy or sell the asset in question. Financial assets not designated as at fair value through profit and loss are initially recognised at their fair value plus transaction costs. Financial assets assigned to this category are initially recognised at their fair value; any transaction costs are recorded in profit and loss. Financial assets are derecognised when the rights to payment under the financial assets expire or they have been transferred to third parties together with substantially all risks and opportunities arising from ownership.

After initial recognition, available-for-sale financial assets and financial assets at fair value through profit and loss are measured at their fair value.

Gains or losses from financial assets at fair value through profit and loss are recognised in other operating income or other operating expenses in the income statement in the period in which they arise.

As a general rule, gains and losses from available-for-sale financial assets are recorded within equity in the period in which they arise with the exception of interest income arising from the application of the effective interest method and foreign-currency translation differences arising from monetary securities, which are reported in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the group's right to receive payments is established. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement. Securities classified as available-for-sale financial assets are measured at historical cost less impairment if there is no active market for them and their fair value cannot be reliably determined.

Loans and receivables are subsequently measured at amortised cost using the effective interest method. Interest income arising from the application of the effective interest method is reported within other interest and similar income in the income statement.

#### ***Impairment of financial assets***

##### *Assets measured at amortised cost*

A test is performed at each reporting date to identify any evidence of impairment in a financial asset. A financial asset is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence of impairment may include evidence of financial difficulties on the part of a customer, failure to pay interest or capital amounts, the probability of insolvency or other composition proceedings and discernible facts indicating a measurable reduction in estimated future cash flows such as detrimental changes in the payment situation of the customer or borrower or in the economic situation tantamount to a delay in the performance of obligations.

In the "loans and receivables" category, the extent of the impairment is deemed to equal the difference between the carrying amount of the asset and the present value of the expected future cash flows (with the exception of possible future credit defaults) discounted at the original effective interest rate of the financial asset. The carrying amount of the asset is reduced and the loss taken to profit and loss.

If the amount of the impairment declines in a subsequent period and this decline is due to circumstances arising after the initial recognition of the impairment (e.g. a rating upgrade), the impairment is reversed through profit and loss.

### *Assets classified as available for sale*

A test is performed at each reporting date to identify any evidence of impairment in a financial asset. In the case of debt instruments, the criteria stated above are applied. In the case of equity instruments classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the instrument below its cost is viewed as an indicator that the instruments are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Any impairment losses on equity instruments recognised in profit or loss may not be reversed through profit or loss. If the fair value of a debt instrument which is classified as an available-for-sale financial asset rises in a subsequent period and this increase is due to circumstances arising after the initial recognition of the impairment, the impairment is reversed through profit and loss.

### ***Property, plant and equipment***

Property, plant and equipment are reported at cost and, where subject to wear and tear, written down on a scheduled basis.

Historical cost includes the directly attributable transaction costs. Any additional cost, e.g. as a result of extensions or replacements, is only assumed to constitute part of the historical cost of the asset in question or – where applicable – reported as a separate asset if future economic benefits are likely to flow to the Group as a result and the costs of the asset can be reliably determined.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until all work has been materially completed required to ready the assets for its intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

In accordance with IAS 20.24, government grants and assistance received for the purposes of acquiring assets are deducted from historical cost.

Expenditure on repairs and maintenance which do not constitute material replacement spending is recognised in profit and loss in the year in which it arises.

Depreciation is calculated on a straight-line basis. For this purpose, the historical cost is written down to the residual carrying amount over the expected useful lives of the assets as follows:

	<b>Useful life</b>	<b>Depreciation rate</b>
Land and buildings (depreciation calculated for buildings only) . . . . .	10–33 years	3%–10%
Technical equipment and machinery . . . . .	3–16 years	6,25%–33,33%
Operating and business equipment . . . . .	2–18 years	5,56%–50%

The assets' residual values and useful lives are reviewed and, if appropriate, adjusted at each reporting date.

If there is any evidence indicating impairment in the value of the asset and the realisable amount is less than the amortised acquisition or production costs, the asset is written down on a non-scheduled basis. If the reasons for the impairment no longer apply, the impairment loss is reversed.

### ***Intangible assets***

#### ***Goodwill***

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill arising from a business combination is recorded separately within intangible assets. The goodwill recognised is subject to an annual impairment test and subsequently measured at historical cost less any accumulated impairment losses.

Impairment losses on goodwill are not reversed.

Gains and losses from the sale of a company encompass the carrying amount of the goodwill attributable to the entity being sold.



Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose in accordance with the business segments identified. Reference should be made to the section on critical accounting estimates and assumptions for details of goodwill impairment testing.

#### *Capitalised development expense*

Development costs are capitalised if the technical feasibility of completing the intangible asset so that it is available for use or sale and the intention for the intangible asset to be completed, used or sold can be demonstrated. In addition, Nordex SE must be able to demonstrate the generation of a future economic benefit as a result of the asset and the availability of the resources to complete the asset and reliably measure the expenditure attributable to the intangible asset during its development.

The cost of production for such assets includes all costs directly attributable to the production process as well as the production-related overheads and borrowing costs. Capitalised development costs are written down on a straight line over the period in which the project is expected to generate sales, however no longer than five years.

If there is any evidence pointing to impairment in the value of the asset and the realisable amount is below the amortised acquisition or production costs, the asset is written down on a non-scheduled basis. If the reasons for the impairment no longer apply, the impairment loss is reversed.

#### *Other intangible assets*

Other intangible assets include licenses acquired, software and similar rights.

The assets are recognised at historical cost. They have defined useful lives and are reported at historical cost less cumulative amortisation. Amortisation is calculated on a straight-line basis over the expected useful lives of the assets, which are deemed to expire no later than upon the right extinguishing. The following useful lives are assumed for this purpose:

	<u>Useful life</u>	<u>Depreciation rate</u>
Licenses, software and similar rights . . . . .	2–5 years	20%–50%

#### *Current and deferred income taxes*

The income tax expense comprises current and deferred income taxes. Income taxes are recorded in the income statement unless they refer to items reported directly in equity or other comprehensive income. In this case, they are also recorded in equity or other comprehensive income.

Current income tax expense is calculated on the basis of the tax legislation applicable or enacted as of the reporting date in the countries in which the subsidiaries are active and generate taxable income. Management regularly checks tax declarations particularly with respect to matters open to interpretation and, if necessary, sets aside provisions based on the amounts which are likely to be payable in tax.

Deferred income taxes are recognised for all temporary differences between the tax base of the assets/ liabilities and their carrying amounts in the IFRS financial statements (“liability method”), which thus result in higher (deferred income tax liabilities) or lower (deferred income tax assets) taxable income in the future. No deferred income taxes liabilities are recognised upon the initial recognition of goodwill. Deferred income taxes are not accounted for if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income taxes are determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are only recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. They also include tax reimbursement claims arising from the expected future utilisation of existing tax losses if there is reasonable certainty that they will be realised within a period of five years.

Deferred income tax liabilities are provided on temporary differences arising on investments in non-consolidated subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are netted in cases in which there is an enforceable netting right and the deferred taxes are levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### ***Financial liabilities***

#### ***Classification***

- Financial liabilities held for trading

This category exclusively includes the negative fair value of derivatives that are not included in hedge accounting. All changes to the fair value of the financial liabilities in this category are directly recognised in the income statement.

- Financial liabilities at amortised cost

The “financial liabilities at amortised cost” category includes all non-derivatives and those financial liabilities not subsequently recognised at their fair value. Amortised costs are calculated using the effective interest method.

#### ***Trade payables***

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise they are classified as non-current.

Trade payables are initially measured at their fair value and subsequently remeasured at amortised cost using the effective interest method.

### ***Financial liabilities***

Financial liabilities are initially recognised at their fair value net of transaction costs. In the ensuing periods, they are remeasured at amortised cost; any difference between the payment made (net of transaction costs) and the repayment received is included in the income statement over the term of the loan using the effective interest method.

#### ***Other provisions***

Provisions are recognised if the Group has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources embodying economic benefits will be necessary to settle the obligation and a reliable estimate can be made of the amount of the obligation. Values are calculated on the basis of prudent estimates in the light of all discernible risks at the level of their probable occurrence.

If a number of similar obligations exist, as is the case with guarantee and warranty provisions, the probability of the burden on assets as a result of this group of obligations is determined.

Provisions are recognised at the present value of the expenditure expected to be required to settle the obligation discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Increases in provisions resulting solely from interest costs are recorded as interest expense in the income statement.

#### ***Pensions and similar obligations***

The Group has both defined benefit and defined contribution pension plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a non-Group separate entity (fund). In the case of defined contribution plans, the Group pays contributions to public or private

pension insurance schemes on the basis of a statutory or contractual obligation or on a voluntary basis. The Group has no further payment obligations beyond the payment of these contributions. The contributions are recorded as personnel costs when they fall due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

By contrast, a defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and remuneration. The provisions on the balance sheet for defined benefit plans correspond to the present value of the defined benefit obligation (DBO) as of the reporting date. The DBOs are calculated annually by independent actuarial experts using the projected unit credit method. The present value of the DBOs is calculated by discounting the expected future outflows of funds with the interest rate of investment-grade corporate bonds. The corporate bonds are denominated in the currencies in which the benefits are paid and with maturities matching those of the pension obligations. Actuarial gains and losses based on historical adjustments and changes to actuarial assumptions are recorded in other comprehensive income in the period in which they arise.

### ***Equity capital***

Ordinary shares are classified as equity capital. Incremental costs which are directly attributable to the issue of new shares or options are recognised in equity as a deduction net of tax from the proceeds of the issue.

### ***Performance share units***

Since 2014, the variable component of the Management Board remuneration with a long-term incentive effect has been calculated using a contractually agreed target, which is converted into performance share units on the basis of the price of Nordex stock on the date on which they are granted. In addition, the target achievement rate is defined on the basis of the gross return on Nordex stock (in terms of total shareholder return) compared with the arithmetic mean of the performance indices DAX, MDAX and TecDAX. The final number of performance share units achieved is calculated on the basis of the number of virtual Nordex shares and the target achievement rate. The final number of performance share units is multiplied by the price at which Nordex stock is trading at the end of the performance period, thus yielding the amount to be paid out. A third of the net payment under the performance share unit plan must be invested by the Management Board member for a holding period of two years.

The fair value of the performance share units was calculated using an acknowledged financial-mathematical procedure for accounting in accordance with IFRS 2 (Share-based payments). This entails the use of a Monte Carlo simulation model to calculate on a random basis a large number of different trajectories for Nordex stock (including re-invested dividends) and the benchmark DAX, MDAX and TecDAX indices. The volatility and correlations underlying the measurements were derived from historical volatility and correlation data. The risk-free interest rate was determined on the basis of yields on government bonds.

### ***Stock option plan***

In the past, Nordex SE granted the Management Board of Nordex SE the right free of charge to acquire shares in the Company as a long-term incentive-based remuneration component. Nordex SE may also make a cash settlement in lieu of delivery of shares. As there is currently no obligation to make a cash settlement and this is not planned in the future, stock options are accounted for as equity-settled obligations.

The employee services received in exchange for the grant of the options are recognised as expense. This expense is determined by reference to the fair value of the options granted, including market-based plan conditions and exclusive non-market-based plan conditions, as well as “non-vesting conditions”. The fair value is calculated using an acknowledged binomial model. Non-vesting conditions are included in assumptions about the number of options that are expected to vest. In this connection, a non-vesting ratio of 0% is assumed. The total expense is recognised on a time-proportionate basis over the vesting period.

The Company monitors the expected number of options that are likely to be exercised during the vesting period at the end of every reporting period. Deviations from earlier estimates are adjusted and recorded in the income statement. A corresponding adjustment is then made to equity.

### ***Derivative financial instruments and hedges***

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured at their fair value. The method for recording profits and losses depends on whether the derivative financial statement has been designated as a hedge and the nature of the hedged item.

### *Currency forwards*

Currency forwards are used to hedge items of the balance sheet and future cash flows (“hedged item”) with a high probability of occurrence. The Group applies the hedge-accounting rules set out in IAS 39, which stipulate that hedge accounting is possible only if the clear hedging relationship between the hedged item and the hedge is documented and its efficacy is proved.

Like other derivative financial instruments, cash flow hedges satisfying these requirements are measured at fair value. Any changes in the fair value of the effective part of the derivative are initially recorded in the cash flow hedge reserve and only recycled to profit and loss when the hedged item is realised; the ineffective part of the cash-flow hedge is taken to profit and loss immediately. The ineffective part of cash flow hedges comprises income and expense arising from any changes in the fair value of the currency forwards exceeding the changes in the fair value of the hedged items for which, however, efficacy within the permissible range of between 80% and 125% has been determined.

If a hedge expires, is sold or no longer qualifies for hedge accounting, the cumulative profit or loss hitherto recorded within equity is not recycled to profit and loss until the originally hedged transaction is realised. If the future transaction is no longer expected to be realised, the cumulative profit and loss recognised within equity must be immediately recycled to profit and loss.

Gains and losses on hedged project contracts are reported in the income statement under other operating income or other operating expenses as the case may be, whereas gains and losses on hedged procurement contracts are reported within cost of materials. In the previous year, all such gains and losses had been reported within the cost of materials.

Currency forwards which are used within the Group for hedging foreign currency risks in accordance with business criteria but which do not satisfy the strict criteria of IAS 39 for the application of hedge accounting are classified as assets and liabilities at fair value through profit and loss and classed as held for trading. Gains or losses from these currency forwards designated as fair-value hedges are recognised within other operating income or other operating expenses, as the case may be, in the income statement for the period in which they arise.

### ***Leases***

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease and reported within other operating expenses.

Leases in which the Group holds the material risks and benefits from ownership of the leased assets are classified as finance leases. Assets leased under finance leases are recognised at the lower of their fair value and the present value of the minimum lease payment at the beginning of the lease.

A lease liability of the same amount is recorded within non-current liabilities. Every lease payment is divided into an interest and a repayment component to ensure that a constant interest rate is applied to the lease liability. The net lease liability is reported within non-current liabilities. The interest component of the lease payment is recorded within net interest income/expense in the income statement and spread evenly over the term of the lease. Assets under finance leases are written off over the shorter of their expected useful life and the term of the lease.

### ***Borrowing costs***

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Otherwise they are recognised through profit and loss in the period in which they arise.

A qualifying asset is one whose construction or assembly takes more than one year.

## ***Revenue recognition***

### ***Sales***

Sales comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. They are shown net of value added tax, returns, rebates and discounts as well as after eliminating sales within the Group. Sales comprise income from the completion of construction contracts for customers, the sale of wind power systems and from service contracts.

In the case of production for customers, sales are recognised using the percentage-of-completion method on the basis of the ratio of actual to planned costs if

- a) a legally binding contract has been signed,
- b) all necessary construction permits have been issued,
- c) a connection has been established with the grid or a grid-connection agreement has been signed,
- d) the customer has obtained the necessary finance, and
- e) the customer has remitted the agreed prepayment.

For this purpose, profit is recognised on a prorated basis in accordance with the percentage of completion provided that the percentage of completion, total costs and total revenues from the orders in question can be reliably calculated. Contract costs comprise the costs directly attributable to the contract as well as production overheads.

If circumstances arise that may change the original estimates of revenues, costs or the percentage of completion, then these estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known to management. Revenues from service contracts are recognised upon the service being provided.

### ***Interest income***

Interest income is recorded in the period in which it arises.

## **Financial risk management**

### ***Financial risk management – purposes and methods***

As an enterprise acting on an international level, the Nordex Group is exposed to financial risks in its operating business and financial transactions. These are primarily market, credit and liquidity risks. The purpose of financial risk management is to limit these market risks by means of ongoing operating and finance-oriented activities. For this purpose, derivative and non-derivative hedge instruments are used. Derivative financial instruments are used solely for hedging purposes and are not utilised for trading or speculative purposes. These transactions are executed on a central basis by Nordex SE as the parent company.

All transactions with derivative financial instruments are executed and monitored in accordance with the applicable provisions of the European Market Infrastructure Regulation (EMIR). Moreover, certain transactions require the prior approval of the Management Board, which is additionally kept regularly informed of the extent and value of the outstanding risk positions. The Treasury department is responsible for implementing the financial strategy and for ongoing risk management. All of Nordex's counterparties in contracts for derivative financial instruments are domestic and foreign banks whose ratings are permanently monitored. Nordex is able to mitigate risk by diversifying its trading partners.

### ***Market risk***

#### ***Foreign-currency risk***

The Group's business is exposed to fluctuations in exchange rates as a result of its international orientation. The main risks are primarily to be found in the exchange rate between the euro (EUR), the US dollar (USD), pound sterling (GBP), the South African rand (ZAR), the Polish zloty (PLN) and the Chinese renminbi (CNY). Foreign-currency risks arise from expected future transactions, assets and liabilities recognised on the face of the balance sheet. Currency forwards are used only to hedge transaction exchange rate risks.



The Group's risk management policy provides for contractually agreed future transactions as well as existing assets and liabilities to be hedged. As of 31 December 2015, these were primarily US-dollar and pound sterling currency forwards. The notional repayment amounts for outstanding currency forwards stand at EUR 106,390 thousand as of 31 December 2015 (2014: EUR 107,546 thousand) particularly due to business in the United States; however, the opposing currency flows cancel each other out. The Nordex Group's operating activities were not exposed to any material transaction currency risks as of the reporting date thanks to these hedging activities.

For the purpose of describing market risks, a currency sensitivity analysis is performed to determine the effects of hypothetical changes in relevant risk variables on the Company's earnings and equity. Currency risks arise as a result of financial instruments denominated in a currency other than the Group's functional currency and of a monetary nature; differences as a result of exchange rates in the translation of single-entity financial statements for inclusion in the consolidated financial statements are ignored. As a matter of principle, the relevant risk variables comprise all non-functional currencies in which the Nordex Group transacts financial instruments.

If the exchange rate of the US dollar had appreciated against the euro by 10% on 31 December 2015, post-tax profit would – all other variables being equal – have been EUR 1,284 thousand higher (2014: EUR 3,456 thousand lower) for the year as a whole as a result of the change in the originated monetary financial instruments (cash and cash equivalents, receivables from construction contracts, trade receivables and payables, prepayments received and bank borrowings). If the exchange rate of the US dollar had depreciated by 10%, post-tax profit would have been EUR 1,050 thousand lower (2014: EUR 2,828 thousand higher). Appreciation/depreciation by 10% in the exchange rate of the US dollar would have resulted in a decrease in post-tax profit of EUR 1,593 thousand (2014: EUR 942 thousand) and an increase of EUR 1,330 thousand (2014: EUR 715 thousand), respectively, as a result of the currency forwards entered into for hedging purposes but not qualifying for hedge accounting.

If the exchange rate of pound sterling had appreciated by 10% against the euro on 31 December 2015, post-tax profit would – all other variables being equal – have been EUR 124 thousand lower (2014: EUR 333 thousand lower) for the year as a whole as a result of the change in the originated monetary financial instruments (cash and cash equivalents, receivables from construction contracts, trade receivables and payables, prepayments received and bank borrowings). If the exchange rate of pound sterling had depreciated by 10%, post-tax profit would have been EUR 102 thousand higher (2014: EUR 273 thousand higher).

If the exchange rate of the South African rand had appreciated against the euro by 10% on 31 December 2015, post-tax profit would – all other variables being equal – have been EUR 59 thousand lower (2014: EUR 111 thousand higher) for the year as a whole as a result of the change in the originated monetary financial instruments (cash and cash equivalents, receivables from construction contracts, trade receivables and payables, prepayments received and bank borrowings). If the exchange rate of the South African rand had depreciated by 10%, post-tax profit would have been EUR 49 thousand higher (2014: EUR 91 thousand lower). Appreciation/depreciation by 10% in the exchange rate of the South African rand would have resulted in a decrease in post-tax profit of EUR 89 thousand (2014: EUR 572 thousand) and an increase of EUR 72 thousand (2014: EUR 365 thousand), respectively, as a result of the currency forwards entered into for hedging purposes but not qualifying for hedge accounting.

If the exchange rate of the Polish zloty had appreciated against the euro by 10% on 31 December 2015, post-tax profit would – all other variables being equal – have been EUR 478 thousand higher (2014: EUR 150 thousand lower) for the year as a whole as a result of the change in the originated monetary financial instruments (cash and cash equivalents, receivables from construction contracts, trade receivables and payables, prepayments received and bank borrowings). If the exchange rate of the Polish zloty had depreciated by 10%, post-tax profit would have been EUR 391 thousand lower (2014: EUR 127 thousand higher).

If the exchange rate of the Chinese renminbi had appreciated against the euro by 10% on 31 December 2015, post-tax profit would – all other variables being equal – have been EUR 730 thousand lower (2014: EUR 0 thousand) for the year as a whole as a result of the change in the originated monetary financial instruments (cash and cash equivalents, receivables from construction contracts, trade receivables and payables, prepayments received and bank borrowings). If the exchange rate of the Chinese renminbi had depreciated by 10%, post-tax profit would have been EUR 597 thousand higher (2014: EUR 0 thousand). Appreciation/depreciation by 10% in the exchange rate of the Chinese renminbi would have resulted in a decrease in post-tax profit of EUR 1,398 thousand (2014: EUR 353 thousand) and an increase of EUR 1,117 thousand (2014: EUR 290 thousand), respectively, as a result of the currency forwards entered into for hedging purposes but not qualifying for hedge accounting.



In the event of 10% appreciation/depreciation in the respective foreign currency against the Group currency, the measurement of the currency forwards entered into for hedging purpose and qualifying for hedge accounting would have resulted in the following effects on the hedge accounting reserve within equity and post-tax profit:

<u>Currency parity</u>	<u>+10%</u> <u>EUR thousand</u>	<u>-10%</u> <u>EUR thousand</u>
<b>EUR/USD</b>		
Hedge accounting reserve . . . . .	-2,472	2,023
Profit/loss after tax . . . . .	0	0
<b>EUR/GBP</b>		
Hedge accounting reserve . . . . .	-1,925	1,575
Profit/loss after tax . . . . .	0	0

#### *Interest risk*

Nordex SE does not have any material floating-rate assets or liabilities exposed to interest rate risks as of the reporting date.

#### *Credit risk*

The Group enters into business solely with investment-grade rated third parties. All main new customers wishing to enter into business with the Group on credit terms undergo a credit check. As a matter of principle, default risks or the risk of counterparties failing to comply with their payment obligations are addressed ahead of acceptance of the order by means of a standardised approval procedure. In particular, the order is not accepted unless the project finance is guaranteed by a bank and/or a bank guarantee or group bond has been issued. In addition, the contracts provide for payment to be made upon certain milestones being reached. Moreover, receivables are monitored on an ongoing basis to avert all material risks of default.

The maximum default risk is limited to the carrying amount in question. There is no pronounced clustering of default risks within the Group. Receivables from construction contracts and trade receivables are additionally secured in part by means of bonds, guarantees and stand-by letters of credit of EUR 4,810 thousand (2014: EUR 3,398 thousand) or by means of retained ownership rights of EUR 90,979 thousand (2014: EUR 63,332 thousand).

#### *Liquidity risk*

Nordex SE monitors and coordinates Group liquidity on a continuous basis, tracking payments made and received in the light of the settlement periods of the financial investments and assets as well as expected payment flows from operating activities.

The Group seeks to achieve a balance between current incoming and outgoing payments. In some cases, Nordex uses cross-border cash pooling mechanisms or other in-house banking instruments to enhance the efficiency of liquidity management within the Group. Group treasury invests remaining liquidity positions conservatively with domestic and non-domestic banks. For this purpose, limits and counterparty risks are permanently monitored.

As a matter of principle, the Nordex Group finances projects via prepayments made by customers. With all projects, the payments are called down in accordance with the progress of work on the basis of the agreed contractual schedule.

The Group's external funding is primarily based on the debt instruments described below.

#### *Corporate bond*

In April 2011, Nordex SE issued a bond (ISIN: XS0601426538) of a nominal amount of EUR 150,000 thousand with a fixed coupon of 6.375% and a tenor of five years. The coupon is due annually on 12 April. The full issuing prospectus is available to the general public on the Internet at [www.nordex-online.com/de/investor-relations/anleihen.html](http://www.nordex-online.com/de/investor-relations/anleihen.html). The bond will be repaid in full on 12 April 2016 as planned using the Company's own liquidity.

#### *Multi-currency guarantee facility*

On 15 December 2015, the Nordex Group entered into a contract for the provision of a multi-currency credit facility of EUR 950,000 thousand expiring on 15 December 2020 on substantially improved terms to replace its

existing credit facility. There is also an option to increase the guarantee facility by EUR 260,000 thousand to include further of Acciona Windpower S.A.'s banks. As of 31 December 2015, the Group had unutilised guarantee facilities of EUR 463,191 thousand (2014: EUR 183,999 thousand).

The existing collateral was released in full in connection with the refinancing operation.

#### *Syndicated bridge facility*

The Nordex Group obtained a cash facility of EUR 450,000 thousand as backing for the acquisition of Acciona S.A.'s wind power business announced on 4 October 2015 and the related cash price payment. No collateral was required. The facility comprises a bullet tranche of EUR 300,000 thousand with a term of 18 months and a tranche of EUR 150,000 thousand with a five-year repayment structure. It may only be paid out upon closure of the acquisition. Accordingly, it had not yet been drawn upon as of 31 December 2015.

#### *Research and development loan*

On 22 April 2014, Nordex raised a research and development loan of EUR 100,000 thousand with the European Investment Bank. It intends to use this loan to finance the development of increasingly more efficient technical solutions to additionally extend its competitive lead. The loan has a term of eight years from the date on which it is drawn and is repaid in instalments. The borrower is Nordex Energy GmbH, with the main Nordex Group companies holding joint and several liability. Participation in the collateral was discontinued in connection with the general refinancing operation. As of 31 December 2015, an amount of EUR 50,000 thousand had been drawn upon under the loan agreement.

#### *Covenants*

In 2015 as in 2014, all facilities/loans were subject to uniform and agreed financial and non-financial covenants such as equity ratio, leverage, interest cover and order receipts, compliance with which is confirmed in quarterly reports to the banks. As in the previous year, all covenants applicable in 2015 were satisfied in full.

The banks may only terminate the existing facilities for good cause, which includes the breach of the financial covenants.

#### *Maturity structure of financial liabilities*

As of 31 December 2015, the Group's originated financial liabilities including future interest broken down by maturity as follows:

<b>Year ending 31.12.2015</b>	<b>Less than 3 months EUR thousand</b>	<b>3-12 months EUR thousand</b>	<b>1 to 5 years EUR thousand</b>	<b>More than 5 years EUR thousand</b>	<b>Total EUR thousand</b>
Current liabilities to banks . . . . .	3,763	3,723	0	0	7,486
Non-current liabilities to banks . . . . .	0	0	28,349	19,587	47,936
Trade payables . . . . .	248,973	5,953	0	0	254,926
Other financial liabilities . . . . .	24,059	160,420	0	0	184,479
<b>Year ending 31.12.2014</b>	<b>Less than 3 months EUR thousand</b>	<b>3-12 months EUR thousand</b>	<b>1 to 5 years EUR thousand</b>	<b>More than 5 years EUR thousand</b>	<b>Total EUR thousand</b>
Current liabilities to banks . . . . .	0	0	0	0	0
Non-current liabilities to banks . . . . .	0	0	0	0	0
Trade payables . . . . .	173,378	4,101	0	0	177,479
Other financial liabilities . . . . .	19,497	16,022	152,683	0	188,202

As of 31 December 2015, derivative financial instruments had the following age structure:

<u>Year ending</u> <u>31.12.2015</u>	<u>Less than</u> <u>3 months</u> <u>EUR thousand</u>	<u>3-12</u> <u>months</u> <u>EUR thousand</u>	<u>1 to 5</u> <u>years</u> <u>EUR thousand</u>	<u>More than</u> <u>5 years</u> <u>EUR thousand</u>	<u>Total</u> <u>EUR thousand</u>
<b>Receivables from derivatives with gross settlement</b>					
Cash inflow .....	30,518	25,707	0	0	56,225
Cash outflow .....	-29,103	-23,608	0	0	-52,711
	<u>1,415</u>	<u>2,099</u>	<u>0</u>	<u>0</u>	<u>3,514</u>
<b>Liabilities from derivatives with gross settlement</b>					
Cash inflow .....	34,898	15,268	0	0	50,166
Cash outflow .....	-37,060	-15,711	0	0	-52,771
	<u>-2,162</u>	<u>-443</u>	<u>0</u>	<u>0</u>	<u>-2,605</u>
<u>Year ending</u> <u>31.12.2014</u>	<u>Less than</u> <u>3 months</u> <u>EUR thousand</u>	<u>3-12</u> <u>months</u> <u>EUR thousand</u>	<u>1 to 5</u> <u>years</u> <u>EUR thousand</u>	<u>More than</u> <u>5 years</u> <u>EUR thousand</u>	<u>Total</u> <u>EUR thousand</u>
<b>Receivables from derivatives with gross settlement</b>					
Cash inflow .....	21,448	9,864	0	0	31,312
Cash outflow .....	-20,448	-9,297	0	0	-29,745
	<u>1,000</u>	<u>567</u>	<u>0</u>	<u>0</u>	<u>1,567</u>
<b>Liabilities from derivatives with gross settlement</b>					
Cash inflow .....	34,299	72,286	10,401	0	116,986
Cash outflow .....	-35,855	-76,642	-10,983	0	-123,480
	<u>-1,556</u>	<u>-4,356</u>	<u>-582</u>	<u>0</u>	<u>-6,494</u>

### Capital risk management

Equity stood at EUR 455,597 thousand as of 31 December 2015 (2014: EUR 395,999 thousand). The main aims of financial management are to ensure sustained growth in enterprise value and to safeguard the Group's liquidity and credit rating.

The Group monitors its capital by reference to the working capital employed. Working capital is defined as the sum total of inventories, receivables from construction contracts and trade receivables less advance payments received and trade payables:

	<u>31.12.2015</u> <u>EUR thousand</u>	<u>31.12.2014</u> <u>EUR thousand</u>
Inventories .....	218,609	273,880
Receivables from construction contracts .....	181,958	126,663
Trade receivables .....	93,508	58,798
Advance payments received .....	-268,402	-321,971
Trade payables .....	-254,926	-177,479
	<u>-29,253</u>	<u>-40,109</u>
Sales .....	2,430,105	1,734,531
<b>Working capital ratio .....</b>	<b>-1.2%</b>	<b>-2.3%</b>

## **Critical accounting estimates and judgements**

The most important assumptions concerning the future and other key sources of estimation uncertainty as of the reporting date giving rise to a significant risk of a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year concern the following items:

### *Goodwill impairment testing*

The Group tests goodwill for impairment at least annually at the end of each year (“impairment only” approach). This necessitates the calculation of the value in use of the cash generating units to which the goodwill has been assigned. To estimate the value in use, the Group must estimate the likely future cash flows from the cash generating unit in the light of corporate costs and additionally select an appropriate discount rate to calculate the present value of this cash flow.

Goodwill is assigned to the Europe segment. The value in use for the Europe segment is calculated by reference to the budget for 2016 as well as the following four budget years derived from the Company’s medium-term forecasts.

The discount rate before tax is 11.29% (2014: 10.86%) and is based on the weighted average cost of capital (WACC). The discount rate is based on a risk-free interest rate of 0.73% (2014: 1.01%), a market risk premium of 6.5% (2014: 5.6%) and a beta factor of 1.81 (2014: 1.98). The beta factor and the ratio of the market value of equity capital to the market value of debt capital were determined by reference to a segment-specific peer group.

No goodwill was assigned to any other segments. No impairment test was performed as there was no evidence of any impairment.

### *Capitalised development costs*

The Group reviews the fair value of the capitalised development costs at least once a year. In doing so, the Management Board assumes a useful life of five years for the purpose of calculating depreciation expense on capitalised development costs. In addition, the likely economic benefit of the development is determined by estimating the values in use of the cash generating units to which capitalised development costs are allocated. Past development costs which have become technically antiquated are written off.

The Group capitalised development costs with a residual carrying amount of EUR 110,933 thousand as of 31 December 2015 (2014: EUR 106,118 thousand).

### *Guarantee provisions*

Provisions for guarantees, warranty claims, service and maintenance stood at EUR 89,108 thousand as of the reporting date (2014: EUR 52,560 thousand). Provisions are recognised and measured on the basis of estimates which, among other things, may incorporate historical data particularly with respect to the expected costs. Actual costs may differ from the provisions due to the inherent uncertainties.

### *Deferred income taxes*

As the parent company, Nordex SE recognises deferred income tax assets on unused tax losses. Deferred income tax assets are calculated on the basis of a medium-term forecast for the German part of the Nordex Group. The forecast period for the probability of unused tax losses being utilised is unchanged at five years. Deferred income tax assets for domestic unused tax losses were calculated using a tax rate of 15.83% (2014: 15.83%) including the solidarity surcharge in the case of corporate tax and 16.29% (2014: 16.18%) in the case of trade tax.

The non-domestic subsidiaries within the Nordex Group recognise deferred income tax assets for unused tax losses in the light of the national tax rates and make allowance for any restrictions in the length of time in which the tax losses may be utilised. Deferred income tax assets are calculated on the basis of the medium term forecasts for the subsidiary in question.

As of 31 December 2015, the deferred income tax assets on unused tax losses came to EUR 69,145 thousand (2014: EUR 66,259 thousand).

#### *Receivables from construction contracts*

Nordex records receivables under construction contracts in accordance with IAS 11. In this connection, the proceeds from fixed-price contracts are compared with the planned contract costs from the wind farm projects. Nordex has installed a project monitoring system, which reports to project management, to oversee project costs. In addition to initial pricing, this system observes pricing changes during the performance of the contract as well as the final pricing activities. Sales are recorded in accordance with the percentage of completion of the contract up until final acceptance by the customer.

#### **Group segment report**

The Nordex Group is engaged in the development, production, servicing and marketing of wind power systems. In addition to development and production, it provides preliminary project development services to support marketing, acquires rights and creates the infrastructure required to construct wind power systems at suitable locations. The Nordex Group is essentially a single-product company. Segment reporting follows the internal reports submitted to the chief operating decision maker.

Nordex SE's Management Board has been identified as the chief operating decision maker. Three reportable segments which are based on the geographic markets and managed separately have been designated. Nordex SE operates solely as a holding company and can therefore not be allocated to any of the three segments.

Internal reporting is based on the accounting policies applied to the consolidated financial statements. Segment sales comprise sales with third parties (external sales) as well as internal sales between the individual regions (internal sales). Consolidated sales chiefly relate to the Europe segment. The prices of deliveries between the individual segments are determined on an arm's length basis. External sales are assigned in accordance with the sales destination. Segment earnings are consolidated on the basis of external sales. The following table sets out the disclosures required by IFRS 8.2.3:

	Europe		Asia		America		Central units		Consolidation		Total group	
	2015 EUR thousand	2014 EUR thousand	2015 EUR thousand	2014 EUR thousand	2015 EUR thousand	2014 EUR thousand	2015 EUR thousand	2014 EUR thousand	2015 EUR thousand	2014 EUR thousand	2015 EUR thousand	2014 EUR thousand
<b>Group segment report</b>												
<b>Sales</b> .....	<b>2,310,888</b>	<b>1,609,595</b>	<b>1,383</b>	<b>19,996</b>	<b>286,088</b>	<b>200,719</b>	<b>0</b>	<b>0</b>	<b>-168,254</b>	<b>-95,779</b>	<b>2,430,105</b>	<b>1,734,531</b>
Depreciation/amortisation .....	-54,054	-40,472	-162	-164	-972	-972	-951	-1,416	0	0	-56,139	-43,024
Interest income .....	1,430	1,397	124	157	2	12	5,701	7,825	-4,897	-6,962	2,360	2,429
Interest expenses .....	-13,836	-14,424	-320	-58	-1,518	-1,239	-12,498	-11,699	4,897	6,962	-23,275	-20,458
<b>Earnings before interest and taxes (EBIT); segment earnings</b> .....	<b>188,416</b>	<b>94,373</b>	<b>-2,554</b>	<b>1,580</b>	<b>-11,730</b>	<b>7,775</b>	<b>-1,690</b>	<b>14,236</b>	<b>-46,206</b>	<b>-39,939</b>	<b>126,236</b>	<b>78,025</b>
Investments in property, plant and equipment and intangible assets .....	70,711	75,753	80	37	2,430	268	1,879	230	0	0	75,100	76,288
Cash and cash equivalents .....	56,401	77,209	10,903	12,572	27,145	13,044	434,524	285,595	0	0	528,973	388,420

Further information can be found in the management report.



## Notes on the balance sheet

### (1) Cash and cash equivalents

This item primarily comprises bank balances.

Deposits which are immediately callable (EUR 348,669 thousand, 2014: 313,420 thousand) are subject to variable interest rates, while fixed-term deposits (EUR 180,304 thousand, 2014: EUR 75,000 thousand) are invested over terms of between three and twelve months on a roll-over basis depending on the Group's funding requirements and are subject to fixed rates. Since the fixed-term deposits are thus also available at short notice, the definition of cash and cash equivalents was extended to fixed-term deposits; the previous year was adjusted accordingly.

Cash and cash equivalents equal the cash and cash equivalents set out in the cash flow statement.

### (2) Trade receivables and future receivables from construction contracts

Receivables break down as follows:

	31.12.2015 EUR thousand	31.12.2014 EUR thousand
Trade receivables (gross) .....	95,338	61,151
Less impairment .....	-1,830	-2,353
Trade receivables (net) .....	93,508	58,798
Future receivables from construction contracts .....	181,958	126,663
	<b>275,466</b>	<b>185,461</b>

Trade receivables are not subject to interest and are generally due for settlement within 30 to 90 days.

Adjustments to trade receivables were as follows in the year under review as well as in the previous year:

	2015 EUR thousand	2014 EUR thousand
Impairments on 1 January .....	2,353	1,849
Additions recognised as expense .....	825	1,446
Utilised .....	-422	-49
Reversed .....	-926	-893
<b>Impairments on 31 December .....</b>	<b>1,830</b>	<b>2,353</b>

As of 31 December 2015, trade receivables had the following age structure:

	31.12.2015 EUR thousand	31.12.2014 EUR thousand
Receivables not overdue or adjusted .....	51,884	20,150
Receivables not adjusted but overdue by		
up to 30 days .....	16,863	20,293
31-90 days .....	3,150	7,131
91-180 days .....	6,802	3,470
181-360 days .....	9,806	4,314
361 days and more .....	4,813	3,146
Total of overdue but non-adjusted receivables .....	41,434	38,354
Partially adjusted receivables .....	190	294
	<b>93,508</b>	<b>58,798</b>

In the year under review, non-impaired receivables of a total of EUR 926 thousand (2014: EUR 169 thousand) were derecognised. There is no evidence of any impairment of the receivables which have not been adjusted.

Impairments were recognised on receivables due from customers with whom payment delays had occurred in the past or were expected in the future in the light of past experience.

Future receivables from construction contracts also comprise unfinished orders recognised in accordance with the percentage-of-completion method provided for in IAS 11. The item comprises the order costs incurred as of the reporting date and the prorated profit on orders realised in accordance with the cost-to-cost method. Prepayments received were deducted.

For the purpose of measuring non-current construction contracts, impairments of EUR 14,515 thousand were recognised on future receivables from construction contracts in 2015 (2014: EUR 1,737 thousand).

Receivables from construction contracts broke down as follows:

	<u>31.12.2015</u> EUR thousand	<u>31.12.2014</u> EUR thousand
Accrued contract costs and proportionate realised profits on orders . . . . .	2,341,077	1,846,005
Less prepayments received . . . . .	-2,159,119	-1,719,342
	<u>181,958</u>	<u>126,663</u>

The maximum credit exposure on the reporting date equals the carrying amount of the receivables.

### **(3) Inventories**

	<u>31.12.2015</u> EUR thousand	<u>31.12.2014</u> EUR thousand
Raw materials and supplies . . . . .	159,397	176,024
Work in progress . . . . .	49,861	94,128
Prepayments made . . . . .	9,351	3,728
	<u>218,609</u>	<u>273,880</u>

Raw materials and supplies primarily comprise production and service material. Work in progress relates to wind power systems under construction as well as advance outlays for project development, licenses and infrastructure of EUR 872 thousand (2014: EUR 1,354 thousand) not due for completion until after 2016.

The carrying amount of the inventories includes the following adjustments:

	<u>2015</u> EUR thousand	<u>2014</u> EUR thousand
Impairments on 1 January . . . . .	28,062	28,782
Utilised . . . . .	-519	-9,030
Reversed . . . . .	-1,054	-778
Additions recognised as expense . . . . .	4,788	9,088
<b>Impairments on 31 December . . . . .</b>	<u><b>31,277</b></u>	<u><b>28,062</b></u>

Utilisation of the impairments is particularly related to the reduction in aged inventories, while allocations are primarily for advance outlays in connection with project development. The carrying amount of the impaired inventories stands at EUR 9,175 thousand (2014: EUR 8,500 thousand).

#### **(4) Other current financial assets**

Other current financial assets break down as follows as of the reporting date:

	<b>31.12.2015</b> <b>EUR thousand</b>	<b>31.12.2014</b> <b>EUR thousand</b>
Insurance and compensation claims .....	19,559	3,872
Receivables from non-consolidated affiliated companies, investments and associates .....	12,051	15,671
Currency forwards .....	3,514	1,567
Deposits/collateral .....	1,913	3,000
Creditors with debit accounts .....	1,379	1,586
Bonus claims against suppliers .....	268	187
Loans to non-consolidated affiliated companies and investments .....	259	150
Adjustments .....	-2	-2
Other .....	3,171	1,482
	<b><u>42,112</u></b>	<b><u>27,513</u></b>

Receivables from non-consolidated affiliated companies, investees and associates entail the delivery of goods and services and particularly also finance for project entities. As in the previous year, they are due for settlement in less than one year.

In the year under review, no impairments were recognised (2014: EUR 7 thousand). Similarly, there were no additions (2014: EUR 0).

#### **(5) Other current non-financial assets**

Other current non-financial assets break down as follows:

	<b>31.12.2015</b> <b>EUR thousand</b>	<b>31.12.2014</b> <b>EUR thousand</b>
Tax reimbursement claims .....	51,114	31,155
Prepaid expenses .....	11,526	8,487
Transportation equipment .....	3,364	1,863
Government grants .....	1,091	1,091
Claims against suppliers .....	158	749
Other .....	1,703	866
	<b><u>68,956</u></b>	<b><u>44,211</u></b>

Tax reimbursement claims primarily relate to the input tax reimbursement claim held by Nordex Energy GmbH of EUR 17,329 thousand (2014: EUR 13,851 thousand), Nordex Enerji A.S. of EUR 13,806 thousand (2014: EUR 7,934 thousand) and Nordex Energy SE of EUR 9,562 thousand (2014: EUR 1,552 thousand).

Prepaid expenses chiefly comprise prepayments towards the cost of guarantees.

Government grants have been received for the acquisition of further productive assets. The assets for which the grants have been received must remain at the designated sites within the restricted five-year period, which commences upon completion of the investment activity.

#### **(6) Property, plant and equipment**

Tangible fixed assets break down as follows:

	<b>31.12.2015</b> <b>EUR thousand</b>	<b>31.12.2014</b> <b>EUR thousand</b>
Land and buildings .....	52,260	42,478
Technical equipment and machinery .....	64,146	58,022
Other equipment, operating and business equipment .....	28,056	21,807
Prepayments made and assets under construction .....	1,152	13,886
	<b><u>145,614</u></b>	<b><u>136,193</u></b>

In 2014, Nordex received a government grant to expand its facility in Rostock. The assets for which the grant is provided must be retained in the facility in question for a period of five years after the completion of the expansion project. In addition, an annual average of around 1,126 jobs must be maintained permanently during this period. The government grant of EUR 2,692 thousand (2014: EUR 760 thousand) received in 2015 was deducted from the historical cost of the assets in question in accordance with IAS 20.24.

Movements in property, plant and equipment are set out in the statement of changes in property, plant and equipment and intangible assets.

#### **(7) ) Goodwill**

It is unchanged over the previous year at EUR 9,960 thousand. Goodwill is assigned to the Europe segment.

#### *Goodwill impairment testing*

Goodwill undergoes annual impairment testing (“impairment only” approach) at the end of each year at the level of the Europe segment. Impairment losses on goodwill are not reversed. As in the previous year, no impairment losses were recorded in 2015 as the recoverable value of the Europe segment was higher than the carrying amount of its assets plus the carrying amount of the goodwill.

#### **(8) Capitalised development costs**

As of the reporting date, development costs net of amortisation of EUR 110,933 thousand (2014: EUR 106,118 thousand) were capitalised. In 2015, development costs of EUR 30,949 thousand (2014: EUR 30,694 thousand) were capitalised. The additions entail borrowing costs of EUR 1,952 thousand (2014: EUR 2,705 thousand) at a borrowing rate of 6.37% (2014: 6.68%). Further development costs of EUR 28,452 thousand also arising in 2015 (2014: EUR 22,734 thousand) did not meet the criteria for capitalisation and were therefore recorded in profit and loss.

Movements in capitalised development costs are set out in the statement of changes in property, plant and equipment and intangible assets.

#### **(9) Other intangible assets**

Other intangible assets break down as follows:

	<b>31.12.2015</b> <b>EUR thousand</b>	<b>31.12.2014</b> <b>EUR thousand</b>
Concessions, trade and similar rights . . . . .	23,994	20,200
Cumulative depreciation . . . . .	-18,198	-17,334
	<b><u>5,796</u></b>	<b><u>2,866</u></b>

Amortisation expense calculated for other intangible assets came to EUR 1,511 thousand in 2015 (2014: EUR 1,640 thousand). The Nordex Group has not accepted any obligation for the acquisition of intangible assets as of the balance sheet date.

Movements in other intangible assets are set out in the statement of changes in property, plant and equipment and intangible assets.

#### **(10) Financial assets**

Financial assets break down as follows::

	<b>31.12.2015</b> <b>EUR thousand</b>	<b>31.12.2014</b> <b>EUR thousand</b>
Investments in affiliated non-consolidated companies . . . . .	1,817	1,846
Investments . . . . .	362	365
	<b><u>2,179</u></b>	<b><u>2,211</u></b>

Shares are held in the following affiliated non-consolidated companies:

	<b>31.12.2015</b> <b>EUR thousand</b>	<b>31.12.2014</b> <b>EUR thousand</b>
Project companies . . . . .	1,767	1,796
natcon7 GmbH, Hamburg . . . . .	25	25
Nordex Windpark Verwaltung GmbH, Hamburg . . . . .	25	25
	<b><u>1,817</u></b>	<b><u>1,846</u></b>

The project entities hold various rights in connection with internally developed wind power projects.

The purpose of natcon7 GmbH is to develop, structure and market operations management, control and visualisation systems for decentralised energy production equipment including related services.

The purpose of Nordex Windpark Verwaltung GmbH is to acquire and manage investments in trading companies whose purpose is particularly to acquire, develop, install and operate wind farms and to assume personal liability and management responsibility for such entities.

Four project companies were sold and eight established in 2015.

No impairments were recognised in the year under review (2014: EUR 2,506 thousand).

Investments are held in the following entities:

	<b>31.12.2015</b> <b>EUR thousand</b>	<b>31.12.2014</b> <b>EUR thousand</b>
Vent Local S.A.S., Vienne/ France . . . . .	201	201
K/S Whitewater Wind Power Invest I, Fredensborg, Denmark, Komplementarselskabet Whitewater Invest I ApS, Helsingør, Denmark . . . . .	91	91
K/S Whitewater Wind Power Invest VII, Fredensborg, Denmark, Komplementarselskabet Whitewater Invest VII ApS, Helsingør, Denmark . . . . .	37	37
K/S Whitewater Wind Power Invest VIII, Fredensborg, Denmark, Komplementarselskabet Whitewater Invest VIII ApS, Helsingør, Denmark . . . . .	31	31
Eoliennes de la Vallée S.A.S., Amiens, France . . . . .	1	1
Vent d'est S.à r.l., Paris, France . . . . .	1	1
Parc d'Energie de Conlie P.E.C. S.à r.l., La Martyre, France . . . . .	0	1
Sameole Bois du Goulet, Caen, France . . . . .	0	1
Société Éolienne de Roussée-Vassé S.E.R.V. S.à r.l., Rouesse Vasse, France . . . . .	0	1
	<b><u>362</u></b>	<b><u>365</u></b>

The purpose of Vent Local S.A.S., K/S Whitewater Wind Power Invest I, Komplementarselskabet Whitewater Invest I APS, K/S Whitewater Wind Power Invest VII, Komplementarselskabet Whitewater Invest VII APS, K/S Whitewater Wind Power Invest VIII and Komplementarselskabet Whitewater Invest VIII APS is to operate wind farms.

The other entities do not engage in any material business activities.

None of the shares are listed in a securities exchange. There was no intention to sell as of 31 December 2015.

Reference should also be made to the list of shareholdings as of 31 December 2015 attached to these notes.

**(11) Investments in associates**

Investments in associates break down as follows.

	<b>31.12.2015</b> <b>EUR thousand</b>	<b>31.12.2014</b> <b>EUR thousand</b>
C&C Wind Sp. z o.o., Natolin, Poland .....	3,432	5,953
KNK Wind GmbH, Frankfurt am Main .....	3,325	7,157
GN Renewable Investments S.à r.l., Luxembourg, Luxembourg .....	1,732	0
Way Wind LLC, Nebraska, United States .....	182	182
Beebe Renewable Energy 2, LLC, Delaware, United States .....	28	28
	<b>8,699</b>	<b>13,320</b>

The purpose of KNK Wind GmbH is to plan, develop, assemble and operate offshore wind power stations, particularly the offshore wind power project Arcadis Ost 1.

C&C Wind Sp. z o.o is responsible for installing and operating a wind farm in Poland.

GN Renewable Investments S.à r.l. is responsible for arranging the finance of project entities.

Way Wind LLC and Beebe Renewable Energy 2, LLC plan, develop and install wind power projects in the United States.

The following table sets out the financial information on the non-listed associates:

	<b>C&amp;C Wind Sp. z o.o EUR thousand</b>	<b>KNK Wind GmbH EUR thousand</b>	<b>GN Renewable Investments S.à r.l. EUR thousand</b>	<b>Way Wind LLC EUR thousand</b>	<b>Beebe Renewable Energy 2, LLC EUR thousand</b>
<b>2015</b>					
Current assets <sup>1</sup> .....	5,946	81	29,058	0	0
Non-current assets <sup>1</sup> .....	65,530	13,961	78	0	0
Current liabilities <sup>1</sup> .....	29,946	12,482	22,103	0	0
Non-current liabilities <sup>1</sup> .....	22,373	0	0	0	0
Revenues <sup>1</sup> .....	6,121	5	7,509	0	0
Profit/loss <sup>1</sup> .....	92	-1,096	6,437	0	0
Share .....	40.00%	38.89%	30.00%	36.15%	50.00%

1 Provisional financial statements as of 31 December 2015

	<b>C&amp;C Wind Sp. z o.o EUR thousand</b>	<b>KNK Wind GmbH EUR thousand</b>	<b>GN Renewable Investments S.à r.l. EUR thousand</b>	<b>Way Wind LLC EUR thousand</b>	<b>Beebe Renewable Energy 2, LLC EUR thousand</b>
<b>2014</b>					
Current assets <sup>2</sup> .....	8,299	132	18,703	0	0
Non-current assets <sup>2</sup> .....	27,241	12,985	170	0	0
Current liabilities <sup>2</sup> .....	15,927	10,461	18,274	0	0
Non-current liabilities <sup>2</sup> .....	0	0	0	0	0
Revenues <sup>2</sup> .....	0	469	746	0	1
Profit/loss <sup>2</sup> .....	-537	-533	-65	-11	-61
Share .....	40.00%	38.89%	30.00%	36.15%	50.00%

2 Provisional financial statements as of 31 December 2014



This financial information is reconciled with the carrying amount of the investment in question as follows:

<b>2015</b>	<b>C&amp;C Wind Sp. z o.o EUR thousand</b>	<b>KNK Wind GmbH EUR thousand</b>	<b>GN Renewable Investments S.à r.l. EUR thousand</b>	<b>Way Wind LLC EUR thousand</b>	<b>Beebe Renewable Energy 2, LLC EUR thousand</b>	<b>Total EUR thousand</b>
Net assets 1 January <sup>1</sup> . . . . .	19,613	2,656	599	0	0	22,868
Profit/loss <sup>2</sup> . . . . .	92	-1,096	6,437	0	0	5,433
Other changes in net assets <sup>2</sup> . . . . .	-548	0	-3	0	0	-551
Net assets 31 December <sup>2</sup> . . .	19,157	1,560	7,033	0	0	27,750
Share (%) . . . . .	40.00%	38.89%	30.00%	36.15%	50.00%	n.a.
Share (EUR thousands) . . . . .	7,663	607	2,110	0	0	10,380
Goodwill . . . . .	0	6,124	0	182	28	6,334
Elimination of intragroup transactions . . . . .	-4,231	0	-378	0	0	-4,609
Impairment . . . . .	0	-3,406	0	0	0	-3,406
Carrying amount on 31 December . . . . .	3,432	3,325	1,732	182	28	8,699

1 Provisional financial statements as of 31 December 2014

2 Provisional financial statements as of 31 December 2015

Other changes in net assets comprise equity transactions, differences between the provisional and audited annual financial statements and exchange-rate differences.

There were no cumulative non-recognised losses as of 31 December 2015 (2014: EUR 329 thousand). In the previous year, shares of a total of EUR 101 thousand in the losses of GN Renewable Investments S.à.r.l. had not been recognised.

<b>2014</b>	<b>C&amp;C Wind Sp. z o.o EUR thousand</b>	<b>KNK Wind GmbH EUR thousand</b>	<b>GN Renewable Investments S.à r.l. EUR thousand</b>	<b>Way Wind LLC EUR thousand</b>	<b>Beebe Renewable Energy 2, LLC EUR thousand</b>	<b>Total EUR thousand</b>
Net assets 1 January <sup>1</sup> . . . . .	-204	3,198	779	11	530	4,314
Profit/loss <sup>2</sup> . . . . .	-537	-533	-65	-11	-61	-1,207
Other changes in net assets <sup>2</sup> . . . . .	20,354	-9	-115	0	-469	19,761
Net assets 31 December <sup>2</sup> . . .	19,613	2,656	599	0	0	22,868
Share (%) . . . . .	40.00%	38.89%	30.00%	36.15%	50.00%	n.a.
Share (EUR thousands) . . . . .	7,845	1,033	180	0	0	9,058
Goodwill . . . . .	0	6,124	0	182	28	6,334
Elimination of intragroup transactions . . . . .	-1,892	0	-180	0	0	-2,072
Carrying amount on 31 December . . . . .	5,953	7,157	0 <sup>3</sup>	182	28	13,320

1 Provisional financial statements as of 31 December 2013

2 Provisional financial statements as of 31 December 2014

3 The calculated value of the shares dropped below zero due to the elimination of intragroup transactions. In accordance with IAS 28.38 no further shares of losses are recognised.

As there is no active market, it was not possible to reliably determine the fair value.

There are no contingent liabilities in connection with the investments held by the Group in associated companies.

**(12) Other non-current financial assets**

Other non-current financial assets break down as follows:

	31.12.2015 EUR thousand	31.12.2014 EUR thousand
Loans to non-consolidated affiliated companies and investments . . . . .	2,426	2,831
Deposits . . . . .	309	169
Loans . . . . .	131	131
	<b>2,866</b>	<b>3,131</b>

Other non-current financial assets include impairments of EUR 3,681 thousand (2014: EUR 0).

**(13) Other non-current non-financial assets**

Other non-current non-financial assets of EUR 28 thousand (2014: EUR 13 thousand) relate to prepayments for leased vehicles.

**(14) Deferred income tax assets and liabilities**

The deferred income tax assets and liabilities arising in connection with recognition and measurement differences in the following items of the balance sheet as well as the tax losses break down as follows:

	31.12.2015		31.12.2014	
	Deferred income tax assets EUR thousand	Deferred income tax liabilities EUR thousand	Deferred income tax assets EUR thousand	Deferred income tax liabilities EUR thousand
Intangible assets/property, plant and equipment . . . . .	3,078	36,322	5,825	34,030
Receivables from construction contracts . . . . .	0	50,462	0	21,944
Other assets . . . . .	8,370	14,862	4,396	11,385
Used tax losses . . . . .	69,145	0	66,259	0
Provisions . . . . .	5,329	1,527	9,058	3,185
Other assets and liabilities . . . . .	13,523	16,529	2,386	3,391
<b>Total . . . . .</b>	<b>99,445</b>	<b>119,702</b>	<b>87,924</b>	<b>73,935</b>
Netting . . . . .	-64,345	-64,345	-43,091	-43,091
<b>Amount shown on balance sheet . . . . .</b>	<b>35,100</b>	<b>55,357</b>	<b>44,833</b>	<b>30,844</b>

The deferred income tax assets include non-current deferred income tax assets before netting of EUR 60,410 thousand (2014: EUR 70,074 thousand). Of the deferred income tax liabilities, an amount of EUR 38,529 thousand (2014: EUR 39,094 thousand) is attributable to the non-current portion of the deferred income tax liabilities before netting.

The Management Board currently assumes that of the existing unused corporate tax losses of EUR 125,322 thousand (2014: EUR 177,919 thousand) and the unused trade tax losses of EUR 120,783 thousand (2014: EUR 172,334 thousand), a figure of EUR 125,322 thousand (2014: EUR 177,919 thousand) and EUR 120,783 thousand (2014: EUR 172,334 thousand), respectively, should be available for utilisation at the level of Nordex SE. The relevant legislation does not stipulate any maximum period in which tax losses must be utilised in Germany.

The calculation of the aforementioned unused tax losses already takes account of the acquisition of Acciona Windpower and the related purchase of shares from Acciona, which under Section 8c of the German Corporate Tax Act results in the elimination of unused corporate tax and trade tax losses of 29.9%.

Deferred income tax assets of EUR 31,467 thousand (2014: EUR 13,514 thousand) have been recognised for companies which sustained losses in the period under review as they are likely to be utilised on the basis of tax planning.

The subsidiaries recognise deferred income tax assets for tax losses in the light of the national tax rates and take account of any restrictions in the length of time in which they may be utilised.

The non-domestic subsidiaries of the Nordex Group hold the following unused tax losses for which no deferred tax assets have been recognised:

	<u>31.12.2015</u> EUR thousand	<u>31.12.2014</u> EUR thousand
Unused tax losses not recognised . . . . .	111,165	144,745
of which forfeitable in more than 3 years . . . . .	10,955	3,109
of which forfeitable in more than 5 years . . . . .	14,388	84,011
of which non-forfeitable . . . . .	45,286	57,625

The main unused tax losses not recognised relate to Nordex Sverige AB (EUR 27,426 thousand; 2014: EUR 18,111 thousand), Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd (EUR 24,077 thousand; 2014: EUR 24,685 thousand) and Nordex (Dongying) Wind Power Equipment Manufacturing Co. Ltd. (EUR 11,527 thousand; 2014: EUR 10,614 thousand).

The unused tax losses not recognised can be carried forward free of any restrictions in Chile, Denmark, Norway, Sweden, Singapore and South Africa (Nordex Education Trust). The unused tax losses not recognised expire after three years in Honduras, after five years in China, after nine years in the Netherlands and after ten years in Finland.

No deferred income tax liabilities are recognised on temporary differences of EUR 11,887 thousand (2014: EUR 7,571 thousand) in connection with shares in subsidiaries as these temporary differences are unlikely to reverse in the foreseeable future.

The changes in deferred income taxes break down as follows:

	<u>2015</u> EUR thousand	<u>2014</u> EUR thousand
Amount on 1 January . . . . .	13,989	17,933
Expense recognised through profit and loss . . . . .	-32,338	-9,084
Income recorded within other comprehensive income . . . . .	-2,274	4,116
Currency translation . . . . .	366	1,024
<b>Amount on 31 December . . . . .</b>	<b><u>-20,257</u></b>	<b><u>13,989</u></b>

#### **(15) Current bank borrowings**

The current bank borrowings of EUR 6,572 thousand refer to the utilisation of the loan granted by the European Investment Bank (2014: EUR 0). Further details can be found in the disclosures on financial risk management.

#### **(16) Trade payables**

The settlement periods for trade payables are set out in Note (26).

#### **(17) Income taxes payable**

The income taxes payable of EUR 11,900 thousand (2014: EUR 3,905 thousand) chiefly relate to Nordex SE and Nordex Energy GmbH, which are included in the domestic tax group, as well as Nordex France S.A.S. and Nordex Energy South Africa RF (Pty.) Ltd.

#### **(18) Other provisions**

Movements in other provisions break down as follows:

	<u>01.01.2015</u> EUR thousand	<u>Utilised</u> EUR thousand	<u>Reversed</u> EUR thousand	<u>Added</u> EUR thousand	<u>31.12.2015</u> EUR thousand
Individual guarantees . . . . .	20,007	5,025	2,673	51,790	64,099
Warranties, service, maintenance . . . . .	24,439	5,796	7,628	8,122	19,137
Others . . . . .	8,114	1,398	3,480	2,636	5,872
	<b><u>52,560</u></b>	<b><u>12,219</u></b>	<b><u>13,781</u></b>	<b><u>62,548</u></b>	<b><u>89,108</u></b>

The provisions for individual warranties predominantly cover risks arising from possible claims for damages.

The guarantee provisions are utilised in accordance with statutory or contractual periods.

The other provisions chiefly cover the remaining risks in connection with business in China, project risks in Pakistan and the cost of preparing the annual financial statements.

The other provisions comprise other non-current provisions of EUR 22,617 thousand (2014: EUR 21,430 thousand), which are expected to be utilised in periods after the end of 2016. The amount derived from discounting the non-current provisions of EUR –714 thousand (2014: EUR 446 thousand) is reported within the additions.

#### **(19) Other current financial liabilities**

Other current financial liabilities break down as follows:

	<b>31.12.2015</b> <b>EUR thousand</b>	<b>31.12.2014</b> <b>EUR thousand</b>
Bond .....	156,681	0
Outstanding invoices .....	20,164	15,880
Liabilities to non-consolidated affiliated companies .....	2,756	2,550
Currency forwards .....	2,605	5,912
Debtors with credit balances .....	6	95
Other .....	1,990	1,242
	<b><u>184,202</u></b>	<b><u>25,679</u></b>

#### **Corporate bond**

Issued on 12 April 2011, the bond is valued at EUR 150,000 thousand and has a fixed coupon of 6.375% p.a. and a tenor of five years.

The initial issue price stood at 99.841%. The coupon is due annually on 12 April.

The bond will be repaid in full in 2016 as planned from the Company's own liquidity.

#### **(20) Other current non-financial liabilities**

Other current non-financial liabilities break down as follows:

	<b>31.12.2015</b> <b>EUR thousand</b>	<b>31.12.2014</b> <b>EUR thousand</b>
Advance payments received .....	268,402	321,971
Accruals .....	44,115	31,090
Prepaid expenses .....	23,785	18,283
Other tax payables .....	15,274	17,986
Liabilities for social security .....	1,104	1,049
Other .....	815	673
	<b><u>353,495</u></b>	<b><u>391,052</u></b>

Accruals primarily comprise personnel liabilities of EUR 19,853 thousand (2014: EUR 15,617 thousand) and trailing project costs of EUR 16,788 thousand (2014: EUR 12,984 thousand).

Deferred income chiefly entails income received in advance under service contracts entered into with customers.

The tax liabilities mainly comprise value added tax of EUR 14,048 thousand (2014: EUR 14,599 thousand) and outstanding payroll and church tax of EUR 2,657 thousand (2014: EUR 2,804 thousand).

#### **(21) Non-current bank borrowings**

In addition to the corporate bond, a syndicated multi-currency guarantee facility, a syndicated bridge facility and a research and development loan are available for the long-term funding of the Company's activities. Further details can be found in the disclosures on financial risk management.

## **(22) Pensions and similar obligations**

Pension provisions are set aside to cover defined benefit obligations towards eligible active and former employees at Nordex SE and Nordex Energy GmbH. The benefits are based on individual commitments generally based on the length of service and remuneration of the employees concerned. The employees are not required to make any contribution of their own. Pension provisions are not externally funded.

They are reported on the face of the balance sheet as follows:

	<b>2015 EUR thousand</b>	<b>2014 EUR thousand</b>
Settlement obligation on 1 January	1,786	1,442
Current service cost	112	103
Interest expense	24	34
Retirement benefit payments	-48	-25
Actuarial gains/losses	-143	232
of which from changes in demographic assumptions	0	0
of which from changes in actuarial assumptions	-54	218
of which adjustments based on historical data	-89	14
	<b><u>1,731</u></b>	<b><u>1,786</u></b>

The obligation as of 31 December equals that reported on the face of the balance sheet.

The following amounts were reported in the income statement:

	<b>2015 EUR thousand</b>	<b>2014 EUR thousand</b>
Current service cost	112	103
Interest expense	24	34
	<b><u>136</u></b>	<b><u>137</u></b>

Other comprehensive income breaks down as follows:

	<b>2015 EUR thousand</b>	<b>2014 EUR thousand</b>
Actuarial gains/losses	-143	232
	<b><u>-143</u></b>	<b><u>232</u></b>

Pension payments of EUR 46 thousand (2014: EUR 48 thousand) are expected in future years.

The principal actuarial assumptions used are as follows:

	<b>2015</b>	<b>2014</b>
Interest rate	2.28% p.a.	1.92% p.a.
Wage and salary trend	n/a	n/a
Pension trend	2.00% p.a.	2.00% p.a.

If the interest rate applied were 0.5% p.a. higher, the obligation would drop to EUR 1,661 thousand (2014: EUR 1,704 thousand). If the interest rate applied were 0.5% p.a. lower, the obligation would increase to EUR 1,807 thousand (2014: EUR 1,875 thousand).

The obligations are assumed to have an average duration of 13 years.

The statistical probability data set out in the Prof. Dr. Heubeck 2005 G mortality tables was used as the biometric basis for calculations.

## **(23) Other non-current financial liabilities**

There are no other non-current financial liabilities (2014: EUR 156,771 thousand).

## **(24) Other non-current non-financial liabilities**

Other non-current non-financial liabilities break down as follows:

	31.12.2015 EUR thousand	31.12.2014 EUR thousand
Accruals .....	1,771	1,940
Deferred income .....	1,719	1,835
	<u>3,490</u>	<u>3,775</u>

Accruals relate to trailing project costs.

Deferred income entails income received in advance under service contracts entered into with customers.

## **(25) Equity capital**

	31.12.2015 EUR thousand	31.12.2014 EUR thousand
Subscribed capital .....	80,882	80,882
Share premium .....	229,114	242,624
Other retained earnings .....	-10,961	-7,951
Cash flow hedges .....	1,730	-2,901
Foreign-currency adjustment item .....	5,651	1,762
Consolidated net profit carried forward .....	149,181	81,583
Consolidated net profit .....	0	0
Equity attributable to the parent company's equity holders .....	455,597	395,999
	<u>455,597</u>	<u>395,999</u>

As of 31 December 2015, the Company had Authorised Capital I of EUR 16,100,000 (2014: EUR 16,100,000), equivalent to 16,100,000 shares (2014: 16,100,000), Contingent Capital I of EUR 15,086,250 (2014: EUR 15,086,250), equivalent to 15,086,250 shares (2014: 15,086,250) and Contingent Capital II of EUR 1,500,000 (2014: 1,500,000), equivalent to 1,500,000 shares (2014: 1,500,000), each with a notional value of EUR 1 per share.

In accordance with a resolution passed at the annual general meeting on 3 June 2014 the Management Board is authorised subject to the Supervisory Board's approval to utilise Authorised Capital I to increase the Company's share capital once or repeatedly on or before 31 May 2019. The Management Board is additionally authorised with the Supervisory Board's approval to exclude the shareholders' subscription rights. In an ad-hoc bulletin dated 4 October 2015 concerning the business combination agreement signed with the Acciona Group, the Company announced that it would be utilising authorised capital of EUR 16,100,000 in part settlement of the transaction.

Contingent Capital I is used to grant conversion rights and/or to establish conversion obligations in accordance with the terms of the convertible bond in question for the holders of the convertible bonds issued by the Company on or before 30 April 2016 in accordance with the resolution passed by the shareholders at the annual general meeting held on 7 June 2011 and to grant options in accordance with the terms of the option bond in question for holders of the option bonds issued by the Company on or before 31 May 2016 in accordance with the resolution passed by the shareholders at the annual general meeting held on 7 June 2011. To date, no conversion or option rights have been exercised.

Contingent Capital II is used solely to settle subscription rights under the stock options granted to executives and employees of the Company and the domestic and non-domestic members of the Nordex Group, members of the management of the Nordex Group companies and members of the Company's Management Board granted on or before 31 December 2012 in accordance with the authorisation granted by the shareholders at the annual general meeting on 27 May 2008. These subscription rights have since lapsed.

The share premium of EUR 229,114 thousand (2014: EUR 242,624 thousand) includes the premium on the issues of new share capital of EUR 112,404 thousand (2014: EUR 112,404 thousand) and allocations of EUR 17 thousand (2014: EUR 41 thousand) less reversals of EUR 1,402 thousand (2014: EUR 305 thousand), which were added in connection with the recognition of the employee stock option programme concluded in 2008 (see also Note 31).



Of the net loss for the year of EUR 15,326,420.36 recorded by Nordex SE in 2015 in accordance with the German Commercial Code, an amount of EUR 3,201,014.98 was settled using withdrawals from retained earnings and an amount of EUR 12,125,405.38 settled using the share premium. Nordex SE's net profit for 2014 determined in accordance with German GAAP in a total amount of EUR 3,201,014.98 was retained in full in accordance with Article 24 of Nordex SE's Articles of Incorporation.

Further details of the changes in the individual equity items can be found in the consolidated statement of changes in equity.

## **(26) Additional disclosures on financial instruments**

Nordex categorises its financial assets as loans and receivables (LaR), financial assets held for trading (FAHfT) and available for sale (AfS) Financial liabilities are classified as financial liabilities at amortised cost (FLAC) or as financial liabilities held for trading (FLHfT).

The following table sets out the carrying amounts and fair values of the individual financial assets and liabilities for each financial instrument category:

		31.12.2015		31.12.2014	
	Category in accordance with IAS 39	Amortised cost EUR thousand	Fair value EUR thousand	Amortised cost EUR thousand	Fair value EUR thousand
Financial assets					
Financial assets recognised at historical or amortised cost					
1. Cash and cash equivalents . . . . .	LaR	528,973	528,973	388,420	388,420
2. Trade receivables payables . . . . .	LaR	93,508	93,508	58,798	58,798
3. Receivables from construction contracts . . . . .	LaR	181,958	181,958	126,663	126,663
4. Other current financial assets – receivables . . . . .	LaR	38,598	38,598	25,946	25,946
5. Financial assets – investments <sup>1</sup> . . . . .	AfS	2,179	—	2,211	—
6. Other non-current financial assets – receivables . . . . .	LaR	2,866	2,866	3,131	3,131
Financial assets at fair value through profit and loss					
1. Other current financial assets – currency forwards . . . . .	FAHfT	88	88	0	0
Effective hedges measured at fair value					
1. Other current financial assets – currency forwards . . . . .		3,426	3,426	1,567	1,567

1 As there is no active market, it was not possible to reliably determine the fair value.

		31.12.2015		31.12.2014	
	Category in accordance with IAS 39	Amortised cost EUR thousand	Fair value EUR thousand	Amortised cost EUR thousand	Fair value EUR thousand
<b>Financial liabilities</b>					
Financial liabilities recognised at historical cost or amortised cost					
1. Current bank borrowings . . . . .	FLAC	6,572	7,415	0	0
2. Trade payables . . . . .	FLAC	254,926	254,926	177,479	177,479
3. Other current financial liabilities . . . . .	FLAC	181,597	183,472	19,767	19,767
4. Non-current bank borrowings . . . . .	FLAC	43,750	43,322	0	0
5. Other non-current financial liabilities . . . . .	FLAC	0	0	156,189	162,939
Financial liabilities at fair value through profit and loss					
1. Other current financial liabilities – currency forwards . . . . .	FLHfT	699	699	685	685
Effective hedges measured at fair value					
1. Other current financial liabilities – currency forwards . . . . .		1,906	1,906	5,227	5,227
2. Other non-current financial liabilities – currency forwards . . . . .		0	0	582	582

Cash and cash equivalents, trade receivables and other current financial assets have short settlement periods. The carrying amounts as of 31 December 2015 therefore come close to equalling the fair values.

The carrying amount of the non-current financial assets matches their fair value on account of the discount taken.

Derivative financial instruments are measured at their fair value. The prices of currency forwards are calculated on the basis of the spot price on the reporting date in the light of any discounts or premiums for the remaining term of the contract.

Trade payables and other financial liabilities have short settlement periods. The carrying amounts correspond to their fair values. The fair value of the bond equals its market price of 101.25% (2014: 104.5%) as of the reporting date.

The following table analyses the financial assets and liabilities which were measured at their fair value on 31 December 2015, and their allocation to the fair-value hierarchy required under IFRS 13:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Financial assets</b>				
Financial assets at fair value through profit and loss				
Currency forwards (held for trading) . . . . .		88		88
Financial assets (derivatives) measured at fair value in hedge accounting				
Currency forwards (cash flow hedge) . . . . .		3,426		3,426
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Summe</u>
<b>Financial liabilities</b>				
Financial liabilities recognised at historical cost or amortised cost				
Liabilities due to banks . . . . .		50,737		50,737
Bond . . . . .	158,556			158,556
Financial liabilities at fair value through profit and loss				
Currency forwards (held for trading) . . . . .		699		699
Financial liabilities (derivatives) measured at fair value in hedge accounting				
Currency forwards (cash flow hedge) . . . . .		1,906		1,906

The following table analyses the financial assets and liabilities, which were measured at their fair value on 31 December 2014, and their allocation to the fair value hierarchy required by IFRS 13:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Summe</u>
<b>Financial assets</b>				
Financial assets at fair value through profit and loss				
Currency forwards (held for trading) . . . . .		0		0
Financial assets (derivatives) measured at fair value in hedge accounting				
Currency forwards (cash flow hedge) . . . . .		1,567		1,567
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Summe</u>
<b>Financial liabilities</b>				
Financial liabilities recognised at historical cost or amortised cost				
Bond . . . . .	162,939			162,939
Financial liabilities at fair value through profit and loss				
Currency forwards (held for trading) . . . . .		685		685
Financial liabilities (derivatives) measured at fair value in hedge accounting				
Currency forwards (cash flow hedge) . . . . .		5,809		5,809

Assets and liabilities whose fair value is derived from the market values in active markets are assigned to Level 1. A market is assumed to be active if market values are calculated regularly and are based on actual recurring transactions. The bond issued by Nordex SE is assigned to Level 1 as it is listed in the open market on the Frankfurt stock exchange (entry standard) in the prime standard for corporate bonds and actively traded. The fair value of the bonds is oriented to the market price.

Fair values which cannot be determined by reference to active markets are derived from measurement models, which primarily take account of observable market data and generally do not include specific company estimates. These financial instruments are assigned to Level 2. Liabilities due to banks as part of financial liabilities are allocated to Level 2. The same thing applies to currency forwards.

If material assumptions underlying the measurement are not based on observable market data, the financial instruments concerned are classified as Level 3.

There were no reclassifications either compared with the previous year or during the year under review.

Net gains and losses from financial instruments break down by category as follows:

	Interest EUR thousand	Other net gain/ loss EUR thousand	Total EUR thousand
<b>2015</b>			
Loans and receivables (LaR) . . . . .	2,360	10,314	12,674
Available for sale (AfS) . . . . .	0	0	0
Financial liabilities at amortised cost (FLAC) . . . . .	-23,275	4,378	-18,897
Financial assets held for trading (FAHfT)/Financial liabilities held for trading (FLHfT) . . . . .	0	-16,741	-16,741
	<b>-20,915</b>	<b>-2,049</b>	<b>-22,964</b>
<b>2014</b>			
Loans and receivables (LaR) . . . . .	2,429	6,569	8,998
Available for sale (AfS) . . . . .	0	0	0
Financial liabilities at amortised cost (FLAC) . . . . .	-20,458	1,848	-18,610
Financial assets held for trading (FAHfT)/Financial liabilities held for trading (FLHfT) . . . . .	0	-2,921	-2,921
	<b>-18,029</b>	<b>5,496</b>	<b>-12,533</b>

The net gains and losses were otherwise mostly due to foreign currency translation effects.

Financial instruments are categorized as follows in accordance with IFRS 7:

#### *Financial assets*

	Financial assets at amortised cost EUR thousand	Financial assets at fair value EUR thousand	Financial assets not assigned to any IAS 39 category EUR thousand	Total EUR thousand
<b>31.12.2015</b>				
Cash and cash equivalents . . . . .	528,973	0	0	528,973
Trade receivables . . . . .	93,508	0	0	93,508
Receivables from construction contracts . . . . .	181,958	0	0	181,958
Other current financial assets				
Currency forwards (held for trading) . . . . .	0	88	0	88
Currency forwards (cash flow hedge) . . . . .	0	0	3,426	3,426
Miscellaneous other current financial assets . . . . .	38,598	0	0	38,598
Financial assets . . . . .	2,179	0	0	2,179
Investments in associates . . . . .	0	0	9,574	9,574
Other non-current financial assets				
Currency forwards (held for trading) . . . . .	0	0	0	0
Currency forwards (cash flow hedge) . . . . .	0	0	0	0
Miscellaneous other non-current financial assets . . . . .	2,866	0	0	2,866

<b>31.12.2014</b>	<b>Financial assets at amortised cost EUR thousand</b>	<b>Financial assets at fair value EUR thousand</b>	<b>Financial assets not assigned to any IAS 39 category EUR thousand</b>	<b>Total EUR thousand</b>
Cash and cash equivalents . . . . .	388,420	0	0	388,420
Trade receivables . . . . .	58,798	0	0	58,798
Receivables from construction contracts . . . . .	126,663	0	0	126,663
Other current financial assets				
Currency forwards (held for trading) . . . . .	0	0	0	0
Currency forwards (cash flow hedge) . . . . .	0	0	1,567	1,567
Other current financial assets . . . . .	25,946	0	0	25,946
Financial assets . . . . .	2,211	0	0	2,211
Investments in associates . . . . .	0	0	13,320	13,320
Other non-current financial assets				
Currency forwards (held for trading) . . . . .	0	0	0	0
Currency forwards (cash flow hedge) . . . . .	0	0	0	0
Other non-current financial assets . . . . .	3,131	0	0	3,131

*Financial liabilities*

<b>31.12.2015</b>	<b>Financial liabilities at amortised cost EUR thousand</b>	<b>Financial liabilities at fair value EUR thousand</b>	<b>Financial liabilities not assigned to any IAS 39 category EUR thousand</b>	<b>Total EUR thousand</b>
Current bank borrowings . . . . .	6,572	0	0	6,572
Trade payables . . . . .	254,926	0	0	254,926
Other current financial liabilities				
Currency forwards (held for trading) . . . . .	0	699	0	699
Currency forwards (cash flow hedge) . . . . .	0	0	1,906	1,906
Miscellaneous other current financial assets . . . . .	181,597	0	0	181,597
Non-current bank borrowings . . . . .	43,750	0	0	43,750
Pensions and similar obligations . . . . .	0	0	1,731	1,731
Other non-current financial liabilities . . . . .	0	0	0	0

<b>31.12.2014</b>	<b>Financial liabilities at amortised cost EUR thousand</b>	<b>Financial liabilities at fair value EUR thousand</b>	<b>Financial liabilities not assigned to any IAS 39 category EUR thousand</b>	<b>Total EUR thousand</b>
Current bank borrowings . . . . .	0	0	0	0
Trade payables . . . . .	177,479	0	0	177,479
Other current financial liabilities				
Currency forwards (held for trading) . . . . .	0	685	0	685
Currency forwards (cash flow hedge) . . . . .	0	0	5,227	5,227
Miscellaneous other current financial assets . . . . .	19,767	0	0	19,767
Non-current bank borrowings . . . . .	0	0	0	0
Pensions and similar obligations . . . . .	0	0	1,786	1,786
Other non-current financial liabilities				
Currency forwards (held for trading) . . . . .	0	0	0	0
Currency forwards (cash flow hedge) . . . . .	0	0	582	582
Miscellaneous other current financial assets . . . . .	156,189	0	0	156,189

### Hedge accounting

The Group uses currency forwards to hedge future cash flows which are very likely to occur against exchange rate risks. The budget or plans for individual customer project are used for this purpose.

These transactions were recorded as cash flow hedges under hedge accounting in the year under review provided that they satisfied the strict criteria defined in IAS 39 Financial Instruments: Recognition and Measurement. The effective part of the profit or loss from the hedges is reported directly within equity and recycled to profit and loss under “other operating income” or “other operating expenses” in the case of hedged project transactions or under “cost of materials” in the case of hedged procurement transactions in the period in which the hedged item is settled and reported through profit and loss or if a hedged future cash flow does not arise.

The following table reconciles the cash flow hedge reserve.

	31.12.2015 EUR thousand	31.12.2014 EUR thousand
Amount on 1 January .....	-2,901	6,163
Added .....	2,030	-8,439
Reversed .....	4,785	-4,632
Deferred income taxes .....	-2,184	4,007
<b>Amount on 31 December .....</b>	<b><u>1,730</u></b>	<b><u>-2,901</u></b>

In the year under review, the cumulative losses of EUR 10,898 thousand from project business previously included within other comprehensive income as of the date on which the underlying transactions were settled were reclassified as other operating expenses. The cumulative gains from procurement business recorded within other comprehensive income were reclassified as cost of materials as of the date on which the underlying transactions were settled and stand at EUR 3,455 thousand. In 2014, cumulative gains of EUR 4,219 thousand recorded in other comprehensive income upon the settlement of the underlying transactions had been reported within the cost of materials.

As of 31 December 2015 there were hedges coming within the definition of IAS 39 with a term of up to one year (2014: two years). The hedged cash flows from future transactions are expected to be recognised in profit and loss within a period of two years (2014: three years).

The fair value of the financial instruments designated as hedges is set out in the following table:

	31.12.2015	31.12.2015	31.12.2014	31.12.2014
	EUR thousand	EUR thousand	EUR thousand	EUR thousand
	Receivables	Liabilities	Receivables	Liabilities
Cash flow hedges				
Currency forwards .....	3,426	1,906	1,567	5,809
	<b><u>3,426</u></b>	<b><u>1,906</u></b>	<b><u>1,567</u></b>	<b><u>5,809</u></b>

### Notes on the income statement

#### (27) Sales

Sales break down by region as follows:

	2015 EUR thousand	2014 EUR thousand
Europe .....	2,142,635	1,513,816
America .....	286,087	200,719
Asia .....	1,383	19,996
	<b><u>2,430,105</u></b>	<b><u>1,734,531</u></b>

Of this item, sales of EUR 1,841,557 thousand (2014: EUR 1,235,063 thousand) arose from the application of the percentage-of-completion method for construction contracts.

Sales break down by category as follows:

	2015 EUR thousand	2014 EUR thousand
Sales of new wind power systems . . . . .	2,219,164	1,557,278
Service . . . . .	196,479	166,354
Other . . . . .	14,462	10,899
	<u>2,430,105</u>	<u>1,734,531</u>

**(28) Changes in inventories and other own work capitalised**

Own work capitalised is valued at EUR 30,250 thousand (2014: EUR 28,121 thousand) and, as in the previous year, relates in full to expenses for developing and enhancing new and existing wind turbines.

Changes in inventories equal EUR –44,266 thousand (2014: EUR –23,187 thousand).

**(29) Other operating income**

Other operating income breaks down as follows:

	2015 EUR thousand	2014 EUR thousand
Currency translation gains . . . . .	15,492	9,139
Insurance claims indemnified and damages . . . . .	496	0
Reversal of impairment losses . . . . .	926	893
Gains from the disposal of assets . . . . .	157	6,787
Derecognition of liabilities . . . . .	21	153
Others . . . . .	4,352	5,699
	<u>21,444</u>	<u>22,671</u>

**(30) Cost of materials**

The cost of materials breaks down as follows:

	2015 EUR thousand	2014 EUR thousand
Cost of raw materials and Supply materials . . . . .	1,455,215	1,027,440
Cost of services bought . . . . .	424,614	315,267
	<u>1,879,829</u>	<u>1,342,707</u>

The cost of services bought results from external freight services, changes in order provisions, commission and externally sourced order-handling services.

**(31) Personell expenses**

	2015 EUR thousand	2014 EUR thousand
Wages and salaries . . . . .	167,210	141,394
Social security and expenditure on retirement benefits and support . . . . .	30,050	26,334
	<u>197,260</u>	<u>167,728</u>

Personnel costs include expense of EUR 117 thousand (2014: EUR 127 thousand) for defined contribution plans and EUR 112 thousand (2014: EUR 103 thousand) for defined benefit plans.



The Group headcount was as follows:

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Balance sheet date			
Office staff .....	1,864	1,614	250
Technical staff .....	1,472	1,305	167
	<u>3,336</u>	<u>2,919</u>	<u>417</u>
Average			
Office staff .....	1,746	1,566	180
Technical staff .....	1,402	1,234	168
	<u>3,148</u>	<u>2,800</u>	<u>348</u>

#### *Stock option plan*

##### Maximum number of options granted

This option plan expired on 31 December 2012. Under the terms of the option plan, a maximum of 1,500,000 options were to be granted during the option period. Of these options

- (a) a maximum of 550,000 were for members of management and employees of the Company and domestic and non-domestic Nordex Group companies who are not members of a management body of the Company or the Nordex Group companies,
- (b) a maximum of 100,000 were for members of management of domestic and non-domestic Nordex Group companies who are not members of the Company's Management Board, and
- (c) a maximum of 850,000 were for members of the Company's Management Board

##### Vesting conditions

Subject to an adjustment as a result of a capital measure, one option entitles the holder to acquire one bearer share issued by Nordex SE. When the option is exercised, an exercise price per share is paid.

The exercise price equals the arithmetic mean of the XETRA closing prices over the ten trading days preceding the date on which the subscription right is allocated as quoted on the Frankfurt stock exchange (or any replacement system comparable in terms of its function) for voting-entitled ordinary voting shares with full participation in the Company's profit and assets.

The options vest no earlier than three years upon being granted and are forfeited if the employment contract expires within this period. The options may only be exercised during two windows per year ("exercise period") in the following two years.

The options may only be exercised if the price of Nordex ordinary shares on the ten trading days preceding the date on which the option is exercised exceeds the exercise price of the option in question by at least 20%.

##### Calculation of the fair value of stock options

As of 31 December 2015 there were no stock options (2014: 75,000 stock options):

<u>Stock options granted</u>	<u>Exercise price EUR</u>	<u>Average stock price EUR</u>	<u>Issue date</u>	<u>Expiry date</u>	<u>Outstanding stock options End of 2015</u>	<u>Outstanding stock options End of 2014</u>
2008 .....	23.10	16.52	01.09.2008	31.08.2013	0	0
2009 .....	12.84	11.77	01.09.2009	31.08.2014	0	0
2010 .....	5.26	5.01	25.11.2010	24.11.2015	0	0
2012 .....	3.12	3.52	01.06.2012	31.05.2017	0	75,000
<b>Total</b> .....					<u>0</u>	<u>75,000</u>

<u>Stock options granted</u>	<u>Exercise price EUR</u>	<u>Average stock price EUR</u>	<u>Issue date</u>	<u>Expiry date</u>	<u>Outstanding stock options End of 2014</u>	<u>Outstanding stock options End of 2013</u>
2008 .....	23.10	16.52	01.09.2008	31.08.2013	0	0
2009 .....	12.84	11.77	01.09.2009	31.08.2014	0	104,695
2010 .....	5.26	5.01	25.11.2010	24.11.2015	0	50,000
2012 .....	3.12	3.52	01.06.2012	31.05.2017	75,000	75,000
<b>Total</b> .....					<b>75,000</b>	<b>229,695</b>

The 2012 tranche was exercised in full in 2015.

The expense for the 2012 tranche came to EUR 17 thousand in the period under review (2014: EUR 41 thousand).

### ***(32) Depreciation/amortisation***

Depreciation/amortisation breaks down as follows:

	<u>2015 EUR thousand</u>	<u>2014 EUR thousand</u>
Depreciation of property, plant and equipment .....	28,553	22,894
Amortisation of capitalised development costs .....	26,075	18,490
Amortisation of other intangible assets .....	1,511	1,640
	<b>56,139</b>	<b>43,024</b>

### ***(33) Other operating expenses***

Other operating expenses break down as follows:

	<u>2015 EUR thousand</u>	<u>2014 EUR thousand</u>
Travel expenses .....	19,603	16,741
Rental and lease expenses .....	18,892	19,826
Loss of revenues .....	18,571	2,166
Currency forwards .....	16,741	2,921
Other leased personnel services .....	13,601	13,769
Legal and consulting costs .....	13,341	11,277
External services .....	12,957	9,756
Maintenance .....	12,262	9,660
IT costs .....	11,618	8,039
Training .....	4,769	3,313
Advertising .....	4,260	2,398
Insurance .....	3,909	2,906
Settlements .....	3,042	5,224
Telecommunications .....	2,692	2,290
Other taxes .....	1,494	2,220
Losses from the disposal of assets .....	1,380	764
Bank fees .....	921	318
Impairments of receivables .....	800	1,446
Others .....	17,216	15,618
	<b>178,069</b>	<b>130,652</b>

**(34) Net finance income/expense**

	2015 EUR thousand	2014 EUR thousand
Income from investments	1,043	330
Net profit/loss from at-equity valuation	-1,216	-2,477
Depreciation of financial assets	-7,087	-2,506
<b>Share of profit/loss of associates</b>	<b>-7,260</b>	<b>-4,653</b>
Other interest and similar income	2,360	2,429
Interest and similar expenses	-23,275	-20,458
<b>Net borrowing costs</b>	<b>-20,915</b>	<b>-18,029</b>
	<b>-28,175</b>	<b>-22,682</b>

Income from investments comprises dividend payouts. Net gains/losses from valuation using the equity method constitute the share of profit of associates except where they give rise to negative carrying amounts. Impairments of financial assets result from the impairment recognised on the shares in KNK Wind and a loan granted to KNK Wind. Interest income and expense arises solely from deposits with banks and the utilisation of cash credit facilities or bank loans, respectively, and from guarantee commissions and deferred interest on the corporate bond.

**(35) Income taxes**

Income taxes break down as follows:

	2015 EUR thousand	2014 EUR thousand
Domestic income taxes	-768	-3,430
Non-domestic income taxes	-12,684	-3,823
<b>Actual income tax expense</b>	<b>-13,452</b>	<b>-7,253</b>
<b>Deferred income tax liabilities</b>	<b>-32,337</b>	<b>-9,084</b>
<b>Total income tax expense</b>	<b>-45,789</b>	<b>-16,337</b>
of which deferred income taxes for other periods	-8,242	-3,043
of which actual income taxes for other periods	-765	-396

Income taxes include the income taxes (paid or owed) in the individual countries as well as deferred income taxes. Deferred income taxes were measured on the basis of the tax rates applicable or expected to be applicable in the individual countries on the date on which they are realised.

As of 31 December 2015, a tax rate of 32.12% (2014: 32.01%) was applied for the purpose of calculating the domestic deferred income taxes. Deferred income tax assets for domestic unused tax losses were calculated using a tax rate of 15.83% (2014: 15.83%) including the solidarity surcharge in the case of corporate tax and 16.29% (2014: 16.18%) in the case of trade tax. The change in the trade tax rate is due to a difference in the split in trade income accruing to the eligible municipalities compared with the previous year.

The taxes on pre-tax profit differ from the theoretical amount derived from applying the Group tax rate of 32.12% (2014: 32.01%) to pre-tax profit as follows:

	2015 EUR thousand	2014 EUR thousand
<b>Net profit/loss before tax</b> .....	<b>98,061</b>	<b>55,343</b>
Expected tax expense .....	-31,497	-17,715
Differences in non-domestic tax rates .....	-95	-5,293
Tax-free income .....	813	160
Shares in associates carried at equity .....	148	-793
Changes in tax rates and tax legislation .....	-262	301
Non-deductible expenses .....	-1,344	-2,121
Tax effects from previous years .....	-9,070	3,043
Effects of inclusion of unused tax losses arising in earlier years .....	-7,485	1,122
Changes from impairments/ effects of non-inclusion of unused tax losses .....	4,538	4,581
Other tax effects .....	-1,535	378
<b>Actual income tax expense</b> .....	<b>-45,789</b>	<b>-16,337</b>

The item “Effects of inclusion of unused tax losses arising in earlier years” includes an effect of a negative EUR 17,144 thousand arising from the forfeiture of unused corporate tax and trade tax losses in Germany.

### (36) Earnings per share

#### Basic

Basic earnings per share are calculated by dividing profit or loss attributable to the ordinary equity holders by the average number of ordinary shares outstanding during the year:

		2015	2014
Consolidated net profit for the year .....	EUR thousand	52,272	39,006
of which parent company equity holders .....	EUR thousand	52,272	39,006
Weighted average number of shares .....		80,882,447	80,882,447
<b>Earnings/loss per share</b> .....	<b>EUR</b>	<b>0.65</b>	<b>0.48</b>

#### Diluted

Diluted earnings/loss per share are calculated by adding all conversion rights and options to the average number of ordinary shares outstanding. Diluted earnings per share also stand at EUR -0.65 (2014: EUR 0.48).

### Other financial obligations and contingent liabilities

Contractual obligations of EUR 445 thousand (2014: EUR 3,485 thousand) apply with respect to capital spending on property, plant and equipment for obligations which have not yet been settled.

Other financial obligations relate to operating lease and rental obligations of EUR 50,999 thousand (2014: EUR 39,258 thousand) with the following settlement periods:

Year	Due for settlement in less than 1 year EUR thousand	Due for settlement in 1 to 5 years EUR thousand	Due for settlement in more than 5 years EUR thousand
31.12.2015 .....	10,619	22,672	17,708
31.12.2014 .....	9,282	14,080	15,896

Obligations under rental contracts and operating leases relate to equipment and machinery of EUR 6,591 thousand (2014: EUR 4,548 thousand) and real estate assets of EUR 44,408 thousand (2014: EUR 34,710 thousand).

The Nordex Group has contingent liabilities arising from pending litigation in connection with its operating business; as the probability of an outflow of resources as of the reporting date was not sufficiently determinable, no provisions were set aside in this connection.

### Related parties disclosures

Jan Klatten, a member of Nordex SE's Supervisory Board, has held a 44.2% share of the Polish wind farm company C&C Wind Sp. z o.o. via momentum infra 1 GmbH, of which he is also managing director, since 2014. The share was acquired by momentum infra 1 GmbH as the most successful bidder in a market-wide tender process. The majority of the shares in momentum infra 1 GmbH are held by momentum-capital Verwaltungsgesellschaft mbH. The Nordex Group also holds 40% of the capital of C&C Wind Sp. z o.o. via Nordex Windpark Beteiligung GmbH. Accordingly, the former company is classed as an associated company. As in the previous year, there were no business transactions with Mr. Klatten or momentum infra 1 GmbH.

In addition, the Nordex Group holds a 75% interest in natcon7 GmbH, which is therefore a non-consolidated affiliated company. . In addition to C&C Wind Sp. z o.o., the shares in Beebe Renewable Energy 2 LLC (50 %), KNK Wind GmbH (38,89%), Way Wind LLC (36,15%) and GN Renewable Investments S.á.r.l. (30 %) are classified as associated companies. Further details can be found in the enclosed list of shareholders as of 31 December 2015.

The transactions executed are set out in the following table.

Related parties	Amount concerned 01.01.–31.12.2015 EUR thousand	Amount concerned 01.01.–31.12.2014 EUR thousand	Outstanding balances Receivables (+)/ liabilities (–) 31.12.2015 EUR thousand	Outstanding balances Receivables (+)/ liabilities (–) 31.12.2014 EUR thousand
natcon7 GmbH . . . . .	7,441	7,881	–1,539	–2,325
C&C Wind Sp. z o.o. . . . .	38,644	7,466	2,294	9,940
KNK Wind GmbH . . . . .	189	189	879	6,897
GN Renewable Investments S.á.r.l. . . . .	129	87	6,622	5,465

In 2015, C&C Wind Sp. z o.o. awarded a contract for the delivery and installation of wind power systems worth EUR 14,894 to extend the wind farm operated by that company.

The transactions and outstanding balances between the Nordex Group and natcon7 GmbH result from the development, project organization and marketing of operations management, control and visualisation systems for decentralised energy production.

The transactions and outstanding balances with C&C Wind Sp. z o.o. and GN Renewable Investments S.á.r.l. result from project business.

The transactions and outstanding balances with KNK Wind GmbH concern interest on a loan on which an impairment was recognised in 2015.

As in the previous year, there were no business transactions with Beebe Renewable Energy 2 and Way Wind LLC.

### Consolidated cash flow statement

The consolidated cash flow statement analyses changes in the cash flow in the course of the year as a result of cash inflows and outflows. In accordance with IAS 7, cash flows are broken down into those from operating activities, those from investing activities and those from financing activities. The cash and cash equivalents reported in the consolidated cash flow statement equal the cash and cash equivalents reported on the face of the balance sheet. The inclusion of fixed-term deposits clarifies the information provided in the cash flow statement as they are also current in nature; the figures for the previous year have been adjusted accordingly. The changes in the items of the balance sheet used for determining changes in the cash flow statement cannot be directly derived from the balance sheet as currency translation effects, changes to the companies consolidated and non-cash transactions are eliminated.

Cash flow from operating activities is calculated using the indirect method, i.e. earnings after tax are not adjusted for cash expenses and income. After allowing for changes in working capital and additional receivables and liabilities as well as deferred income taxes, the net cash inflow from operating activities comes to EUR 167,987 thousand (2014: EUR 160,290 thousand) This is chiefly due to the increase in working capital of EUR 10,854 thousand (2014: decline of EUR 70,997 thousand) and the consolidated net profit including depreciation/amortisation of EUR 115,498 thousand (2014: EUR 84,536 thousand).

Net cash outflow from investing activities increased in the year under review to EUR 73,387 thousand (2014: net cash outflow of EUR 71,590 thousand). Development projects of EUR 30,949 thousand (2014: EUR 30,694 thousand) were capitalised. Spending on property, plant and equipment of EUR 39,690 thousand (2014: EUR 44,287 thousand) chiefly comprises rotor blade production and extensions to the production facility in Rostock.

Net cash inflow from financing activities stands at EUR 50,000 thousand (2014: net cash outflow of EUR 38,279 thousand) and relates to the utilisation of the loan provided by the European Investment Bank.

### **Events after the reporting date**

Any events occurring after the balance sheet date caused by economic factors arising prior to 31 December 2015 are included in the consolidated financial statements as of December 31, 2015.

### **Corporate Governance Code declaration pursuant to Section 161 of the German Stock Corporation Act**

The Management Board and the Supervisory Board issued the declaration of conformance for 2015 pursuant to Section 161 of the Stock Corporation Act on 18 March 2016 and made it available for examination by the shareholders on the Internet at [www.nordex-online.com/de/investor-relations/corporate-governance.html](http://www.nordex-online.com/de/investor-relations/corporate-governance.html).

### **Utilisation of relief provisions**

Nordex Energy GmbH, Hamburg, Nordex Grundstücks-verwaltung GmbH, Hamburg, and Nordex Windpark Beteiligung GmbH, Hamburg, are exempt from disclosure duties in accordance with Section 325 of the German Commercial Code due to the application of the provisions contained in Section 264 (3) of the German Commercial Code.

### **Nordex SE Management Board and Supervisory Board**

#### ***Supervisory Board***

During 2015 and as of the date on which the financial statements for 2015 were prepared, the Supervisory Board comprised the following members:

#### ***Dr. Wolfgang Ziebart, Starnberg***

Chairman of the Supervisory Board, chairman of the management committee and member of the strategy and engineering committee

- Former group engineering director of Jaguar Land Rover Automotive PLC, United Kingdom
- Former chairman of the management board of Infineon AG
- Former member of the management board of BMW AG
- Former member of the management board of Continental AG
- Member of the supervisory board of ASML Holding N.V., Netherlands
- Member of the Board of Directors of Autoliv Inc., Stockholm

#### ***Jan Klatten, Munich***

Deputy chairman of the Supervisory Board, member of the management committee, chairman of the strategy and engineering committee

- Managing shareholder of momentum Beteiligungsgesellschaft mbH
- Chairman of the supervisory board of asturia Automotive AG



*Dr. Heinz van Deelen, Munich*

Member of the strategy and engineering committee (from 9 January 2015) and the audit committee (until 9 January 2015)

- Chairman of the management board of Consline AG

*Frank Lutz, Munich*

Member of the audit committee (from 9 January 2015)

- Member of the management board of Covestro AG and Covestro Deutschland AG

*Martin Rey, Traunstein*

Member of the management committee and chairman of the audit committee

- Attorney at law and managing shareholder of maroban GmbH
- Member of the board of BayWa r.e. USA LLC, United States
- Member of the board of Knight Infrastructure B.V., Netherlands

*Annette Stieve, Wennigsen*

Member of the audit committee

- Member of the management of Feurecia Automotive GmbH, chief financial officer North East Europe of Faurecia Group
- Member of the Regional Advisory Committee Middle of Commerzbank AG

### ***Management Board***

*Lars Bondo Krogsgaard, Hamburg*

Chief Executive Officer (from 1 June 2015)

Chief Customer Officer (until 31 May 2015)

*Dr. Jürgen Zeschky, Hamburg*

Chief Executive Officer (until 31 May 2015)

*Ulric Bernard Schäferbarthold, Hamburg*

Chief Financial Officer

The members of the Supervisory Board and the Management Board held the following shares in the Company as of 31 December 2015:

<u>Name</u>	<u>Position</u>	<u>Shares</u>
Dr. Wolfgang Ziebart	Supervisory Board	10,000 held directly
Jan Klatten	Supervisory Board	18,482,000 held via a share in momentum-capital Vermögensverwaltungsgesellschaft mbH and Ventus Venture Fund GmbH & Co. Beteiligungs KG

No Nordex SE stock options have been granted to members of the Management Board (2014: 75,000).

### **Remuneration report**

#### ***Management Board***

In accordance with the provisions of the German Stock Corporation Act and the recommendations of the German Corporate Governance Code, the Supervisory Board decides on the amount and structure of remuneration and the

remuneration system for the Management Board and performs regular reviews. In determining the remuneration, the Supervisory Board is guided by the size and complexity of Nordex SE, its economic and financial position and the amount and structure of the Management Board remuneration system of comparable companies as well as internal salary structures. Further criteria include the duties and performance of the individual members of the Management Board.

The remuneration report describes the principles of the remuneration system for the members of the Management Board and the Supervisory Board as well as the individual amounts paid. The disclosures comply with the requirements of the German Commercial Code in the light of the principles of German Accounting Standard No. 17 (DRS 17), the recommendations set out in the German Corporate Governance Code (GCGC) and the International Financial Reporting Standards (IFRS).

#### *Principles of the remuneration system*

The remuneration paid to the Management Board comprises fixed and variable components reflecting the Company's business performance in a given year as well as its long-term business performance.

The fixed components comprise an annual salary paid out in monthly instalments and the usual benefits. These include the provision of a company car, which may also be used privately, insurance for private and company accidents covering invalidity and death and premiums for D&O cover where this exceeds the deductible provided by law for members of the Management Board. The premium paid for the D&O insurance cannot be broken down by individual Management Board member as the sum insured covers all governance bodies and executives.

The size of the bonus is based on the achievement of financial and non-financial targets as well as a discretionary factor which is determined by the Supervisory Board. The financial target is the EBT generated by the Company each year. The non-financial targets are defined at the beginning of each year by the Supervisory Board of Nordex SE. Achievement of the criteria is determined by the Supervisory Board at the end of the performance period. The achievement of financial and non-financial targets has an equal weighting in the calculation of the bonuses.

The variable component with a long-term incentive effect is calculated using a contractually agreed target, which is converted into performance share units on the basis of the price of Nordex stock on the date on which they are granted. In addition, the target achievement rate is defined on the basis of the gross return on Nordex stock (in terms of total shareholder return) compared with the arithmetic mean of the performance indices DAX, MDAX and TecDAX. The final number of performance share units achieved is calculated on the basis of the number of virtual Nordex shares and the target achievement rate. The final number of performance share units is multiplied by the price at which Nordex stock is trading at the end of the performance period, thus yielding the amount to be paid out. A third of the net payment under the performance share unit plan must be invested by the Management Board member for a holding period of two years.

The fair value of the performance share units was calculated using an acknowledged financial-mathematical procedure for accounting in accordance with IFRS 2 (Share-based payments). This entails the use of a Monte Carlo simulation model to calculate on a random basis a large number of different trajectories for Nordex stock (including re-invested dividends) and the benchmark DAX, MDAX and TecDAX indices. The volatility and correlations underlying the measurements were derived from historical volatility and correlation data. The risk-free interest rate was determined on the basis of yields on government bonds.

The remuneration payable to the members of the Management Board in 2015 in accordance with DRS 17 can be seen in the following table. Performancetied remuneration components with a long-term incentive effect are allocated to the individual years on a time-proportionate basis.

Remuneration in accordance with Section 314 (1) No. 6 of the German Commercial Code in connection with DRS 17	Fixed components		Bonus		Long-term incentive components		Total	
	2015 EUR	2014 EUR	2015 EUR	2014 EUR	2015 EUR	2014 EUR	2015 EUR	2014 EUR
L. Krogsgaard . . . . .	415,871	374,182	400,833	343,712	582,272	286,453	<b>1,398,976</b>	<b>1,004,347</b>
Dr. J. Zeschky . . . . .	296,292	447,413	230,000	460,000	382,875	171,112	<b>909,167</b>	<b>1,078,525</b>
B. Schäferbarthold . . . . .	357,144	357,144	332,083	293,000	381,450	87,075	<b>1,070,677</b>	<b>737,219</b>

The members of the Management Board did not hold any stock options as of 31 December 2015 (2014: 75,000 stock options). Dr. Zeschky exercised the last remaining 75,000 stock options in 2015 at a strike price of EUR 26.69. No new stock options were granted in the year under review.

Disclosures in accordance with IAS 24.17 and IAS 24.18 break down as follows:

	2013		2014		2015	
	Expense EUR	Provisions EUR	Expense EUR	Provisions EUR	Expense EUR	Provisions EUR
a) Short-term benefits	1,696,278	619,634	2,287,840	1,113,000	2,014,183	732,916
b) Post-employment benefits	3,900	0	3,900	3,900	1,752	0
c) Other long-term benefits	320,000	320,000	0	0	0	0
d) Termination benefits	0	0	0	0	0	0
e) Share-based payment	220,500	180,000	554,764	556,774	1,225,726	1,433,365

In contrast to DRS 17, the following table in accordance with GCGC setting out the incentives (including ancillary benefits) granted for the year under review additionally shows the targets for the one-year variable remuneration components. In the case of multi-year variable remuneration, the fair value at the end of the year in which the incentive was granted is shown. In addition, the minimum and maximum amounts are reported:

Incentives granted according to GCGC	L. Krogsgaard				Dr. J. Zeschky				B. Schäferbarthold			
			Min.	Max.			Min.	Max.			Min.	Max.
	2015 EUR	2014 EUR	2015 EUR	2015 EUR	2015 EUR	2014 EUR	2015 EUR	2015 EUR	2015 EUR	2014 EUR	2015 EUR	2015 EUR
Fixed remuneration	400,833	360,000	400,833	400,833	286,667	430,000	286,667	286,667	341,500	341,500	341,500	341,500
Ancillary benefits	15,038	14,182	15,038	15,038	9,625	17,413	9,625	9,625	15,644	15,644	15,644	15,644
<b>Total fixed component</b>	<b>415,871</b>	<b>374,182</b>	<b>415,871</b>	<b>415,871</b>	<b>296,292</b>	<b>447,413</b>	<b>296,292</b>	<b>296,292</b>	<b>357,144</b>	<b>357,144</b>	<b>357,144</b>	<b>357,144</b>
<b>Bonus</b>	<b>200,417</b>	<b>343,712</b>	<b>0</b>	<b>400,833</b>	<b>230,000<sup>1</sup></b>	<b>460,000</b>	<b>n.a.<sup>1</sup></b>	<b>n.a.<sup>1</sup></b>	<b>166,042</b>	<b>293,000</b>	<b>0</b>	<b>332,083</b>
<b>Multi-year variable remuneration</b>	<b>422,386</b>	<b>261,224</b>	<b>0</b>	<b>601,251</b>	<b>—</b>	<b>391,835</b>	<b>n.a.<sup>1</sup></b>	<b>n.a.<sup>1</sup></b>	<b>379,357</b>	<b>261,224</b>	<b>0</b>	<b>540,000</b>
Performance share units 2015–2017	422,386	—	0	601,251	—	—	—	—	379,357	—	0	540,000
Performance share units 2014–2016	—	261,224	—	—	—	391,835	—	—	—	261,224	—	—
<b>Total remuneration</b>	<b>1,038,674</b>	<b>979,118</b>	<b>415,871</b>	<b>1,417,955</b>	<b>526,292</b>	<b>1,299,248</b>	<b>n.a.<sup>1</sup></b>	<b>n.a.<sup>1</sup></b>	<b>902,543</b>	<b>911,368</b>	<b>357,144</b>	<b>1,229,227</b>

<sup>1</sup> Paid out in accordance with the termination agreement.

The fixed and single-year variable remuneration components shown in the following table prepared in accordance with GCGC are equivalent to the inflows shown for the current year. The table also states the amount paid as multi-year variable remuneration in cases in which the agreed period expires in the year under review:

Inflows according to GCGC	L. Krogsgaard		Dr. J. Zeschky		B. Schäferbarthold	
	2015 EUR	2014 EUR	2015 EUR	2014 EUR	2015 EUR	2014 EUR
Fixed remuneration	400,833	360,000	286,667	430,000	341,500	341,500
Ancillary benefits	15,038	14,182	9,625	17,413	15,644	15,644
<b>Total fixed component</b>	<b>415,871</b>	<b>374,182</b>	<b>296,292</b>	<b>447,413</b>	<b>357,144</b>	<b>357,144</b>
<b>Bonus</b>	<b>400,833</b>	<b>343,712</b>	<b>230,000</b>	<b>460,000</b>	<b>332,083</b>	<b>293,000</b>
<b>Multi-year variable remuneration</b>	<b>540,000</b>	<b>300,750</b>	<b>1,767,750</b>	<b>—</b>	<b>—</b>	<b>—</b>
Stock options	—	300,750	1,767,750	—	—	—
Performance share units 2013–2015	540,000	—	—	—	—	—
<b>Total remuneration</b>	<b>1,356,704</b>	<b>1,018,644</b>	<b>2,294,042</b>	<b>907,413</b>	<b>689,227</b>	<b>650,144</b>

As of the reporting date, the 2013, 2014 and 2015 tranches of the performance share units and the 2015 short-term incentives had not yet been paid out to Mr. Krogsgaard. As of 31 December 2015, Mr. Schäferbarthold had not yet received the 2014 and 2015 tranches of the performance share units and the 2015 short-term incentives.

### Supervisory Board

Under the Articles of Incorporation, all members of the Supervisory Board are entitled to fixed remuneration of EUR 30,000 (2014: EUR 25,000) in consideration of the performance of their duties for each full year in which they are members of the Supervisory Board plus reimbursement of all costs incurred in the performance of their duties.

The chairman of the Supervisory Board receives twice this amount and his deputy one-and-a-half times this amount.

Each member of the Supervisory Board who is a member of a committee established by the Supervisory Board receives additional fixed remuneration of EUR 3,000 (2014: EUR 0) for each full year in which he or she is a member of the committee.

The chairman of a committee receives twice this amount.

Persons joining or leaving the Supervisory Board or one of its committees during the year receive one twelfth of this amount for each full or partial month of service.

Value added tax was paid on the reimbursement of expenses in accordance with Articles 18 (1) to (4) of the Articles of Incorporation. The Company pays the premium on liability insurance (D&O insurance) if such cover also includes the members of the Supervisory Board.

The remuneration paid to the Supervisory Board breaks down as follows:

	Fixed components EUR	Variable components EUR	Long-term incentive components EUR	Total EUR
<b>2015</b>				
Dr. W. Ziebart .....	69,000	0	0	69,000
J. Klatten .....	54,000	0	0	54,000
Dr. H. van Deelen .....	33,250	0	0	33,250
F. Lutz .....	33,000	0	0	33,000
M. Rey .....	39,000	0	0	39,000
A. Stieve .....	33,000	0	0	33,000
	<b>261,250</b>	<b>0</b>	<b>0</b>	<b>261,250</b>
	Fixed components EUR	Variable components EUR	Long-term incentive components EUR	Total EUR
<b>2014</b>				
Dr. W. Ziebart .....	50,000	0	0	50,000
J. Klatten .....	37,500	0	0	37,500
Dr. H. van Deelen .....	25,000	0	0	25,000
Dr. D. G. Maier .....	25,000	0	0	25,000
M. Rey .....	25,000	0	0	25,000
A. Stieve .....	25,000	0	0	25,000
	<b>187,500</b>	<b>0</b>	<b>0</b>	<b>187,500</b>

Disclosures in accordance with IAS 24.17 and IAS 24.18 break down as follows:

	2013		2014		2015	
	Expense EUR	Provisions EUR	Expense EUR	Provisions EUR	Expense EUR	Provisions EUR
a) Short-term benefits .....	177,085	0	187,500	0	261,250	0
b) Post-employment benefits .....	0	0	0	0	0	0
c) Other long-term benefits .....	0	0	0	0	0	0
d) Termination benefits .....	0	0	0	0	0	0
e) Share-based payment .....	0	0	0	0	0	0

No remuneration had been paid to the members of the Supervisory Board as of 31 December 2015.

#### Benefits/pension provisions for former members of the Management Board

Pension provisions of EUR 378 thousand (2014: EUR 427 thousand) had been set aside as of 31 December 2015 to cover entitlement vesting to two former members of the Management Board.

**Auditor's fee**

The fee payable in 2015 to the statutory auditors stands at EUR 459 thousand (2014: EUR 320 thousand). A fee of EUR 137 thousand (2014: EUR 63 thousand) was paid for tax consulting services. Fees of EUR 381 thousand were paid for other attestation services (2014: EUR 3 thousand).

Nordex SE  
Rostock, 18 March 2016

A handwritten signature in blue ink, appearing to be 'L. Krogsgaard', with a long horizontal stroke extending to the right.

L. Krogsgaard  
Chief Executive Officer

A handwritten signature in blue ink, appearing to be 'B. Schäferbarthold', with a stylized, cursive script.

B. Schäferbarthold  
Management Board

# Statement of changes in property, plant and equipment and intangible assets

for the period from 1 January to 31 December 2015

	Historical cost				Depreciation/amortisation				Carrying amount		
	Initial amount 01.01.2015 EUR thousand	Additions EUR thousand	Disposals EUR thousand	Reclassifications EUR thousand	Foreign currency EUR thousand	Closing amount 31.12.2015 EUR thousand	Initial amount 01.01.2015 EUR thousand	Additions EUR thousand	Disposals EUR thousand	Foreign currency EUR thousand	Closing amount 31.12.2015 EUR thousand
<b>Property, plant and equipment</b>											
Land and buildings .....	75,485	5,789	223	6,853	881	88,785	33,007	2,861	185	842	36,525
Technical equipment and machinery .....	110,568	18,765	12,452	6,320	-106	123,095	52,546	17,334	11,326	395	58,949
Other equipment, operating and business equipment .....	58,036	14,665	6,770	0	629	66,560	36,229	8,358	6,604	521	38,504
Prepayments made and assets under construction .....	15,508	471	0	-13,173	-12	2,794	1,622	0	0	20	1,642
<b>Total property, plant and equipment .....</b>	<b>259,597</b>	<b>39,690</b>	<b>19,445</b>	<b>0</b>	<b>1,392</b>	<b>281,234</b>	<b>123,404</b>	<b>28,553</b>	<b>18,115</b>	<b>1,778</b>	<b>135,620</b>
<b>Intangible assets</b>											
Goodwill .....	14,461	0	0	0	0	14,461	4,501	0	0	0	4,501
Capitalised development expense .....	148,633	30,949	60	0	0	179,522	42,515	26,075	1	0	68,589
Other intangible assets .....	20,200	4,461	910	0	243	23,994	17,334	1,511	909	262	18,198
<b>Total intangible assets .....</b>	<b>183,294</b>	<b>35,410</b>	<b>970</b>	<b>0</b>	<b>243</b>	<b>217,977</b>	<b>64,350</b>	<b>27,586</b>	<b>910</b>	<b>262</b>	<b>91,288</b>
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											<b>1,152</b>



## List of shareholdings

as of 31 December 2015

Consolidated affiliated companies (figures in accordance with statutory financial statements or the uniform Group guidelines for financial statements)	Currency	Share in capital (%)	Net profit/loss 01.01–31.12.2015	Equity capital 01.01–31.12.2015	Share held via
Nordex SE, Rostock (parent company) <sup>1)</sup>	EUR	—	–15,326,420.36	311,444,385.06	—
Beebe Wind LLC, Delaware, United States	EUR	100.00	346,705.53	0.00	Nordex USA Management LLC
Eólicos R4E S.A. de C.V., Tegucigalpa, Honduras	EUR	100.00	–1,015,356.44	4,738,015.49	Nordex USA Management LLC
Green Hills Wind LLC, Delaware, United States	EUR	100.00	0.00	0.00	Nordex USA Inc.
Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd., Beijing, China	EUR	100.00	–3,111,859.15	–4,963,838.25	Nordex Energy GmbH
Nordex (Chile) SpA, Santiago, Chile	EUR	100.00	–2,925,846.25	3,058,313.35	Nordex Windpark Beteiligung GmbH
Nordex (Dongying) Wind Power Equipment Manufacturing Co. Ltd., Dongying, China	EUR	100.00	–356,061.85	–829,609.45	Nordex Energy GmbH
Nordex Education Trust, Kapstadt, South Africa	EUR	100.00	–683,786.60	–1,358,005.47	Nordex Energy South Africa (Pty.) Ltd.
NordexEnergy Uruguay S.A., Montevideo, Uruguay	EUR	100.00	–3,373,669.97	10,051,212.16	Nordex Energy B.V.
Nordex Energy B.V., Rotterdam, Netherlands	EUR	100.00	–1,353,702.34	45,698,784.13	Nordex SE
Nordex Energy GmbH, Hamburg <sup>1)</sup>	EUR	100.00	0.00	7,607,762.18	Nordex SE
Nordex Energy Ibérica S.A., Barcelona, Spain	EUR	100.00	617,942.60	9,514,538.07	Nordex Energy B.V.
Nordex Energy Ireland Ltd., Dublin, Ireland	EUR	100.00	1,467,018.73	–3,599,533.67	Nordex Energy B.V.
Nordex Energy Romania S.r.l., Bucharest, Romania	EUR	99.98/0.02	502,639.68	–152,388.96	Nordex Energy B.V./Nordex Energy GmbH
Nordex Energy South Africa RF (Pty.) Ltd., Illovo, South Africa	EUR	100.00	6,553,944.15	4,590,798.47	Nordex Energy GmbH/ Nordex Education Trust
Nordex Enerji A.S., Istanbul, Turkey	EUR	17.15/82.31/ 0.18/0.18/ 0.18	15,281,585.86	17,912,495.28	Nordex Energy B.V./Nordex SE/ Nordex Energy GmbH/Nordex Windpark Beteiligung GmbH/Nordex Grundstücksverwaltung GmbH
Nordex Forum II GmbH & Co. KG	EUR	100.00	–9,180.07	–9,180.07	Nordex Energy GmbH
Nordex Forum II Verwaltungen GmbH	EUR	100.00	–6,025.99	18,974.01	Nordex Energy GmbH
Nordex France S.A.S., La Plaine Saint-Denis, France	EUR	100.00	6,100,029.49	14,166,620.79	Nordex Energy B.V.
Nordex Grundstücksverwaltung GmbH, Hamburg <sup>1)</sup>	EUR	100.00	0.00	52,000.00	Nordex SE
Nordex Hellas Monoprosopi EPE, Athens, Greece	EUR	100.00	545,944.27	1,337,307.53	Nordex Energy GmbH
Nordex Italia S.r.l., Rome, Italy	EUR	100.00	3,398,793.40	25,590,614.87	Nordex Energy B.V.
Nordex Offshore GmbH, Hamburg	EUR	100.00	–8,915,166.54	–9,397,442.47	Nordex SE
Nordex Offshore (Private) Ltd., Islamabad, Pakistan <sup>3)</sup>	EUR	100.00	–3,216,125.20	–5,639,681.34	Nordex Energy GmbH
Nordex Polska Sp. z o.o., Warsaw, Poland	EUR	99.00/1.00	2,959,131.26	7,713,406.21	Nordex Energy B.V./Nordex Energy GmbH
Nordex Singapore Equipment Private Ltd., Singapore, Singapore <sup>3)</sup>	EUR	100.00	–4,952,994.60	–10,130,715.52	Nordex Energy GmbH
Nordex Singapore Service Private Ltd., Singapore, Singapore <sup>3)</sup>	EUR	100.00	–180,594.60	–2,280,618.13	Nordex Energy GmbH
Nordex Sverige AB, Uppsala, Sweden	EUR	100.00	–9,254,952.28	27,233.13	Nordex Energy B.V.
Nordex UK Ltd., Manchester, United Kingdom	EUR	100.00	–2,952,485.75	141,730.22	Nordex Energy B.V.

	Currency	Share in capital (%)	Net profit/loss 01.01–31.12.2015	Equity capital 01.01–31.12.2015	Share held via
Nordex USA Inc., Chicago, United States	EUR	100.00	-11,066,727.16	-17,095,408.16	Nordex Energy B.V.
Nordex USA Management LLC, Chicago, United States	EUR	100.00	2,140,455.88	-102,007.44	Nordex USA Inc.
Nordex Windpark Beteiligung GmbH, Hamburg <sup>1</sup>	EUR	100.00	0.00	74,825.12	Nordex SE
Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd., Ningxia, China	EUR	100.00	-3,796,203.24	-5,105,629.99	Nordex Energy GmbH
NPV Dritte Windpark GmbH & Co. KG, Hamburg	EUR	100.00	-22,112.24	20,794.46	Nordex Grundstücksverwaltung GmbH
Way Wind, LLC, Delaware, United States	EUR	100.00	412,627.22	-342,388.08	Nordex USA Inc.
<b>Non-consolidated affiliated companies</b>					
(figures in accordance with statutory financial statements or the uniform Group guidelines for financial statements)					
Éoles Futur Eurowind France S.A.S., Paris, France	EUR	100.00	250,314.18	508,385.69	Nordex France S.A.S.
Farma Wiatrowa Liw Sp. z o.o., Warsaw, Poland <sup>3</sup>	EUR	99.00/1.00	-43,587.19	-62,919.26	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
Farma Wiatrowa NDX1 Sp. z o.o., Warsaw, Poland <sup>3</sup>	EUR	100.00	-123,620.29	-355,982.83	Nordex Windpark Beteiligung GmbH
Farma Wiatrowa NDX V Sp. z o.o., Warsaw, Poland <sup>3</sup>	EUR	99.00/1.00	-29,907.54	-32,573.10	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
Farma Wiatrowa Rozdrzew Sp. z o.o., Warsaw, Poland (ex. Belzyce) <sup>3</sup>	EUR	99.00/1.00	-130,009.31	-236,727.69	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
Farma Wiatrowa Wymysłów Sp. z o.o., Warsaw, Poland <sup>3</sup>	EUR	99.00/1.00	-29,907.54	-32,573.10	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
natcon7 GmbH, Hamburg <sup>3</sup>	EUR	75.00	833,867.60	1,692,766.10	Nordex SE
Nordex Windpark Verwaltung GmbH, Hamburg	EUR	100.00	37,141.78	41,039.10	Nordex SE
Parc Éolien de Zondrange S.A.S., Paris, France <sup>3</sup>	EUR	100.00	-2,836.75	7,629.37	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex Belgique I (SPRC), Brussels, Belgium <sup>3</sup>	EUR	99.00/1.00	-17,443.00	1,157.00	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
Parc Éolien Nordex Belgique II (SPRC), Brussels, Belgium <sup>3</sup>	EUR	99.00/1.00	-9,472.00	9,128.00	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
Parc Éolien Nordex I S.A.S., Paris, France <sup>3</sup>	EUR	100.00	-2,110.89	17,504.64	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex II S.A.S., Paris, France <sup>3</sup>	EUR	100.00	-13,661.07	7,506.52	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex III S.A.S., Paris, France <sup>3</sup>	EUR	100.00	-7,807.14	8,887.31	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex IV S.A.S., Paris, France <sup>3</sup>	EUR	100.00	-2,110.89	19,502.22	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex V S.A.S., Paris, France <sup>3</sup>	EUR	100.00	-2,223.29	19,279.29	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex VI S.A.S., Paris, France <sup>3</sup>	EUR	100.00	-26,184.67	-23,414.37	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex VII S.A.S., Paris, France <sup>3</sup>	EUR	100.00	-2,159.13	19,343.61	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex IX S.A.S., Paris, France <sup>3</sup>	EUR	100.00	-2,140.56	19,744.12	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex X S.A.S., Paris, France <sup>3</sup>	EUR	100.00	-2,110.89	17,969.07	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XVIII S.A.S., Paris, France <sup>3</sup>	EUR	100.00	-5,288.19	10,081.84	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XX S.A.S., Paris, France <sup>3</sup>	EUR	100.00	-32,365.63	-10,610.12	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXI S.A.S., Paris, France <sup>3</sup>	EUR	100.00	-30,367.68	-8,797.55	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXII S.A.S., Paris, France <sup>3</sup>	EUR	100.00	-2,187.73	19,520.13	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXIV S.A.S., Paris, France <sup>3</sup>	EUR	100.00	-2,141.09	19,794.35	Nordex Windpark Beteiligung GmbH

Currency	Share in capital (%)	Net profit/loss 01.01–31.12.2015	Equity capital 01.01–31.12.2015	Share held via
EUR	100.00	-2,110.89	19,692.01	Nordex Windpark Beteiligung GmbH
EUR	100.00	-2,110.89	19,691.76	Nordex Windpark Beteiligung GmbH
EUR	100.00	-2,253.09	19,549.40	Nordex Windpark Beteiligung GmbH
EUR	100.00	-10,597.09	8,450.82	Nordex Windpark Beteiligung GmbH
EUR	100.00	-2,218.53	19,617.93	Nordex Windpark Beteiligung GmbH
EUR	100.00	-2,171.59	19,635.14	Nordex Windpark Beteiligung GmbH
EUR	100.00	-2,416.70	19,286.58	Nordex Windpark Beteiligung GmbH
EUR	100.00	-2,293.03	19,665.06	Nordex Windpark Beteiligung GmbH
EUR	100.00	-3,555.85	11,705.32	Nordex Windpark Beteiligung GmbH
EUR	100.00	-2,898.27	12,790.24	Nordex Windpark Beteiligung GmbH
EUR	100.00	-3,024.26	12,331.45	Nordex Windpark Beteiligung GmbH
EUR	100.00	-2,832.43	11,764.54	Nordex Windpark Beteiligung GmbH
EUR	100.00	-3,281.09	33,578.18	Nordex Windpark Beteiligung GmbH
EUR	100.00	-3,287.25	33,560.18	Nordex Windpark Beteiligung GmbH
EUR	100.00	-3,287.05	33,577.58	Nordex Windpark Beteiligung GmbH
EUR	100.00	-2,006.21	33,798.92	Nordex Windpark Beteiligung GmbH
EUR	100.00	-2,006.21	33,798.92	Nordex Windpark Beteiligung GmbH
EUR	100.00	-2,006.21	33,798.92	Nordex Windpark Beteiligung GmbH
EUR	100.00	0.00	37,000.00	Nordex Windpark Beteiligung GmbH
EUR	100.00	0.00	37,000.00	Nordex Windpark Beteiligung GmbH
EUR	100.00	0.00	37,000.00	Nordex Windpark Beteiligung GmbH
EUR	100.00	0.00	37,000.00	Nordex Windpark Beteiligung GmbH
EUR	100.00	0.00	37,000.00	Nordex Windpark Beteiligung GmbH
EUR	100.00	0.00	37,000.00	Nordex Windpark Beteiligung GmbH
EUR	100.00	—	—	Nordex (Chile) SpA
EUR	100.00	—	—	Nordex (Chile) SpA
EUR	66.70	-1,183,860.39	646,380.97	Nordex Energy GmbH
EUR	100.00	-25,198.02	-29,745.65	Nordex Grundstücksverwaltung GmbH
EUR	99.20/0.80	—	—	Nordex Windpark Beteiligung GmbH/ Nordex Energy B. V
EUR	99.20/0.80	—	—	Nordex Windpark Beteiligung GmbH/ Nordex Energy B. V
EUR	99.20/0.80	—	—	Nordex Windpark Beteiligung GmbH/ Nordex Energy B. V
EUR	99.20/0.80	—	—	Nordex Windpark Beteiligung GmbH/ Nordex Energy B. V
EUR	99.20/0.80	—	—	Nordex Windpark Beteiligung GmbH/ Nordex Energy B. V
EUR	99.20/0.80	—	—	Nordex Windpark Beteiligung GmbH/ Nordex Energy B. V

	Currency	Share in capital (%)	Net profit/loss 01.01–31.12.2015	Equity capital 01.01–31.12.2015	Share held via
Vindkraftpark Aurvandil AB, Uppsala, Sweden	EUR	100.00	-2,716.90	8,077.67	Nordex Windpark Beteiligung GmbH
Vindkraftpark Brynhild AB, Uppsala, Sweden	EUR	100.00	-6,226.29	7,933.99	Nordex Sverige AB
Vindkraftpark Dieser AB, Uppsala, Sweden	EUR	100.00	-541.64	2,730.83	Nordex Windpark Beteiligung GmbH
Vindkraftpark Embla AB, Uppsala, Sweden	EUR	100.00	-541.64	2,730.83	Nordex Windpark Beteiligung GmbH
Vindkraftpark Freja AB, Uppsala, Sweden	EUR	100.00	-541.64	2,730.83	Nordex Windpark Beteiligung GmbH
<b>Investments in associates (not consolidated)</b>					
(figures in accordance with statutory financial statements)					
Beebe Renewable Energy 2, LLC, Delaware, United States	EUR	50.00	0.00	0.00	Nordex USA Inc.
C&C Wind Sp. z o.o., Natolin, Poland <sup>3</sup>	EUR	40.00	2,188,003.18	8,780,244.66	Nordex Windpark Beteiligung GmbH
GN Renewable Investments S.à r.l., Luxembourg, Luxembourg <sup>3</sup>	EUR	30.00	6,437,244.32	7,033,437.12	Nordex Windpark Beteiligung GmbH
KNK Wind GmbH, Frankfurt am Main <sup>3</sup>	EUR	38.89	-1,096,120.87	1,559,653.10	Nordex Offshore GmbH
Way Wind LLC, Nebraska, United States	EUR	36.15	0.00	0.00	Way Wind, LLC, Delaware/USA
<b>Other investments (non-consolidated)</b>					
(figures in accordance with statutory financial statements)					
Eoliennes de la Vallée S.A.S., Amiens, France	EUR	50.00	-2,569.00	4,882.00	Nordex France S.A.S.
K/S Whitewater Wind Power Invest I, Fredensborg, Denmark,					
Komplementarselskabet Whitewater Invest I ApS, Helsingør, Denmark <sup>2</sup>	EUR	33.33	20,559.56	-203,959.22	Nordex Energy GmbH
K/S Whitewater Wind Power Invest VII, Fredensborg, Denmark,					
Komplementarselskabet Whitewater Invest VII ApS, Helsingør, Denmark <sup>2</sup>	EUR	11.11	-28,617.86	-229,959.88	Nordex Energy GmbH
K/S Whitewater Wind Power Invest VIII, Fredensborg, Denmark,					
Komplementarselskabet Whitewater Invest VIII ApS, Helsingør, Denmark <sup>2</sup>	EUR	11.11	49,250.06	-210,839.66	Nordex Energy GmbH
Vent d'est S.à r.l., Paris, France <sup>3</sup>	EUR	50.00	-1,081.10	-6,204.71	Nordex France S.A.S.
Vent Local S.A.S., Vienne, France <sup>2</sup>	EUR	9.00	-36,042.00	61,557.00	Nordex France S.A.S.

1 Profit transfer agreement; net profit/loss and equity after profit transfer agreement in accordance with local rules

2 Financial statements as of 31 December 2014

3 Preliminary financial statements as of 31 December 2015

## Responsibility Statement

### Responsibility statement in accordance with Sections 297 (2) 4 and 315 (1) 6 of the German Commercial Code

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Nordex SE

Rostock, 18 March 2016

A handwritten signature in blue ink, consisting of a stylized 'L' followed by a long horizontal stroke.

L. Krogsgaard  
Chief Executive Officer

A handwritten signature in blue ink, featuring a series of connected loops and a final flourish.

B. Schäferbarthold  
Management Board

*“The following auditor’s report (Bestätigungsvermerk) has been issued in accordance with Section 322 of the German Commercial Code (Handelsgesetzbuch) on the consolidated financial statements and group management report (Konzernlagebericht) of Nordex SE, Hamburg, as of and for the financial year ended December 31, 2015. The group management report is neither included nor incorporated by reference in the Company Report.”*

#### **Auditor’s Report\***

We have audited the consolidated financial statements prepared by Nordex SE, comprising the consolidated statement of financial position, the consolidated income statement and statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and notes to the consolidated financial statements, together with the group management report, which is combined with the management report of the Nordex SE for the business year from January 1 to December 31, 2015. The preparation of the consolidated financial statements and the combined management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB (“Handelsgesetzbuch”: German Commercial Code) are the responsibility of the parent Company’s Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and the combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company’s Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these provisions. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group’s position and suitably presents the opportunities and risks of future development.

Hamburg, 18 March 2016

PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

Claus Brandt  
Wirtschaftsprüfer  
(German Public Auditor)

Dr. Thomas Ull  
Wirtschaftsprüfer  
(German Public Auditor)

\* Translation of the auditor’s report issued in German on the consolidated financial statements prepared in German by the management of Nordex SE.



**Nordex SE**  
**Audited Consolidated Financial Statements as of and for the year ended December 31, 2014**

## Consolidated balance sheet

as of 31 December 2014

<u>Assets</u>	<u>Notes</u>	<u>31.12.2014</u> <u>EUR thousand</u>	<u>31.12.2013</u> <u>EUR thousand</u>
Cash and cash equivalents .....	(1)	313,420	332,963
Fixed-term deposits .....	(1)	75,000	0
Trade receivables and future receivables from construction contracts .....	(2)	185,461	214,028
Inventories .....	(3)	273,880	263,905
Income tax refund claims .....		1,720	50
Other current financial assets .....	(4)	27,513	33,444
Other current non-financial assets .....	(5)	44,211	55,111
<b>Current assets</b> .....		<b>921,205</b>	<b>899,501</b>
Property, plant and equipment .....	(6)	136,193	117,369
Goodwill .....	(7)	9,960	9,960
Capitalised development expense .....	(8)	106,118	94,315
Other intangible assets .....	(9)	2,866	3,203
Financial assets .....	(10)	2,211	4,681
Investments in associates .....	(11)	13,320	7,852
Other non-current financial assets .....	(12)	3,131	3,522
Other non-current non-financial assets .....	(13)	13	101
Deferred income tax assets .....	(14)	44,833	50,855
<b>Non-current assets</b> .....		<b>318,645</b>	<b>291,858</b>
 <b>Assets</b> .....		 <b>1,239,850</b>	 <b>1,191,359</b>

<b>Equity and liabilities</b>	<b>Notes</b>	<b>31.12.2014 EUR thousand</b>	<b>31.12.2013 EUR thousand</b>
Current bank borrowings . . . . .	(15)	0	8,408
Trade payables . . . . .	(16)	177,479	190,250
Income tax liabilities . . . . .	(17)	3,905	179
Other current provisions . . . . .	(18)	31,130	45,319
Other current financial liabilities . . . . .	(19)	25,679	20,658
Other current non-financial liabilities . . . . .	(20)	391,052	320,423
<b>Current liabilities</b> . . . . .		<b>629,245</b>	<b>585,237</b>
Non-current bank borrowings . . . . .	(21)	0	16,916
Pensions and similar obligations . . . . .	(22)	1,786	1,442
Other non-current provisions . . . . .	(18)	21,430	17,138
Other non-current financial liabilities . . . . .	(23)	156,771	167,614
Other non-current non-financial liabilities . . . . .	(24)	3,775	1,955
Deferred income tax liabilities . . . . .	(14)	30,844	32,922
<b>Non-current liabilities</b> . . . . .		<b>214,606</b>	<b>237,987</b>
Subscribed capital . . . . .		80,882	80,882
Share premium . . . . .		242,624	242,888
Other retained earnings . . . . .		-7,951	-10,920
Cash flow hedges . . . . .		-2,901	6,163
Foreign-currency adjustment item . . . . .		1,762	3,344
Consolidated net profit carried forward . . . . .		81,583	45,778
Consolidated net profit . . . . .		0	0
Share in equity attributable to parent company's equity holders . . . . .		395,999	368,135
<b>Equity</b> . . . . .	(25)	<b>395,999</b>	<b>368,135</b>
<b>Equity and liabilities</b> . . . . .		<b>1,239,850</b>	<b>1,191,359</b>

## Consolidated income statement

for the period from 1 January to 31 December 2014

	Notes	01.01–31.12.2014 EUR thousand	01.01–31.12.2013 EUR thousand
Sales .....	(27)	1,734,531	1,429,276
Changes in inventories and other own work capitalised .....	(28)	4,934	73,008
<b>Total revenues</b> .....		<b>1,739,465</b>	<b>1,502,284</b>
Other operating income .....	(29)	22,671	6,832
Cost of materials .....	(30)	–1,342,707	–1,151,066
Personnel expenses .....	(31)	–167,728	–153,237
Depreciation/amortisation .....	(32)	–43,024	–39,235
Other operating expenses .....	(33)	–130,652	–121,246
<b>Earnings before interest and taxes (EBIT)</b> .....		<b>78,025</b>	<b>44,332</b>
Income from investments .....		330	254
Net profit/loss from at-equity valuation .....		–2,477	–463
Impairment of financial assets and securities held as current assets .....		–2,506	0
Other interest and similar income .....		2,429	1,847
Interest and similar expenses .....		–20,458	–27,769
<b>Net finance expense</b> .....	(34)	<b>–22,682</b>	<b>–26,131</b>
<b>Net profit/loss from ordinary activity</b> .....		<b>55,343</b>	<b>18,201</b>
Income taxes .....	(35)	–16,337	–7,938
<b>Consolidated profit</b> .....		<b>39,006</b>	<b>10,263</b>
Of which attributable to:			
Parent company's equity holders .....		39,006	10,243
Non-controlling interests .....		0	20
<b>Earnings per share (in EUR)</b> .....	(36)		
Basic <sup>1</sup> .....		0.48	0.14
Diluted <sup>2</sup> .....		0.48	0.14

1 Based on a weighted average of 80.882 million shares (previous year 74.196 million shares)

2 Based on a weighted average of 80.957 million shares (previous year 74.321 million shares)

## Consolidated statement of comprehensive income

for the period from 1 January to 31 December 2014

	01.01–31.12.2014 EUR thousand	01.01–31.12.2013 EUR thousand
<b>Consolidated net profit</b> .....	<b><u>39,006</u></b>	<b><u>10,263</u></b>
Other comprehensive income		
Items which may be recycled to profit and loss		
Foreign currency translation difference .....	–1,582	–492
Cash flow hedges .....	–13,071	10,831
Deferred income taxes .....	4,007	–3,249
Items which are not recycled to profit and loss		
Remeasurement of defined benefit pension plans .....	–341	–60
Deferred income taxes .....	<u>109</u>	<u>17</u>
<b>Consolidated comprehensive income</b> .....	<b><u>28,128</u></b>	<b><u>17,310</u></b>
Of which attributable to:		
Parent company's equityholders .....	28,128	17,290
Non-controlling interests .....	0	20

## Consolidated cash flow statement

for the period from 1 January to 31 December 2014

	01.01–31.12.2014 EUR thousand	01.01–31.12.2013 EUR thousand
<b>Operating activities</b>		
Consolidated profit . . . . .	39,006	10,263
+ Depreciation/amortisation of non-current assets . . . . .	45,530	39,235
<b>= Consolidated profit plus depreciation/amortisation . . . . .</b>	<b>84,536</b>	<b>49,498</b>
– Increase in inventories . . . . .	–9,975	–39,397
+ Decrease in trade receivables and future receivables from construction contracts . . . . .	28,567	31,734
–/+ Decrease/increase in trade payables . . . . .	–12,771	933
+ Increase in prepayments received – liabilities – . . . . .	65,176	67,305
<b>= Payments received from changes in working capital . . . . .</b>	<b>70,997</b>	<b>60,575</b>
+ /– Decrease/increase in other assets not allocated to investing or financing activities . . . . .	20,552	–24,731
+ Increase in pension provisions . . . . .	344	246
– Decrease in other provisions . . . . .	–9,897	–19,904
–/+ Decrease/increase in other liabilities not allocated to investing or financing activities . . . . .	–8,970	13,522
–/+ Profit/loss from the disposal of non-current assets . . . . .	–6,023	1,651
– Other interest and similar income . . . . .	–2,429	–1,847
+ Interest received . . . . .	2,328	1,618
+ Interest and similar expenses . . . . .	20,458	27,769
– Interest paid . . . . .	–19,916	–27,250
+ Income taxes . . . . .	16,337	7,938
– Taxes paid . . . . .	–2,728	–852
–/+ Other non-cash income/expenses . . . . .	–5,299	9,856
<b>= Payments received/made from remaining operating activities . . . . .</b>	<b>4,757</b>	<b>–11,984</b>
<b>= Cash flow from operating activities . . . . .</b>	<b>160,290</b>	<b>98,089</b>
<b>Investing activities</b>		
+ Payments received from the disposal of property, plant and equipment/ intangible assets . . . . .	9,842	567
– Payments made for investments in property, plant and equipment/ intangible assets . . . . .	–77,048	–73,357
+ Payments received from the disposal of financial assets . . . . .	3,057	1,088
– Payments made for investments in financial assets . . . . .	–8,201	–4,308
+ Payments received from investment grants . . . . .	760	1,733
<b>= Cash flow from investing activities . . . . .</b>	<b>–71,590</b>	<b>–74,277</b>
<b>Financing activities</b>		
+ Payments received from equity issues . . . . .	0	71,783
– Bank loans repaid . . . . .	–25,316	–27,689
– Amounts invested in fixed-term deposits . . . . .	–75,000	0
– Repayment of finance leases . . . . .	–12,963	0
<b>= Cash flow from financing activities . . . . .</b>	<b>–113,279</b>	<b>44,094</b>
<b>Cash change in cash and cash equivalents . . . . .</b>	<b>–24,579</b>	<b>67,906</b>
+ Cash and cash equivalents at the beginning of the period . . . . .	332,963	274,779
+ Changes due to additions to companies consolidated . . . . .	0	56
+ /– Exchange rate-induced change in cash and cash equivalents . . . . .	5,036	–9,778
<b>= Cash and cash equivalents at the end of the period<sup>1</sup> (Cash and cash equivalents carried on the face of the consolidated balance sheet) . . . . .</b>	<b>313,420</b>	<b>332,963</b>

1 Trustee account EUR 392 thousand (2013: EUR 111 thousand)



# Consolidated statement of changes in equity

for the period from 1 January to 31 December 2014

	Subscribed capital EUR thousand	Share premium EUR thousand	Other retained earnings EUR thousand	Cash flow hedges EUR thousand	Foreign currency adjustment item EUR thousand	Consolidated net profit carried forward EUR thousand	Consolidated net profit/loss EUR thousand	Capital attributable to the parent company's equity holders EUR thousand	Total equity EUR thousand
<b>01.01.2014</b> .....	<b>80,882</b>	<b>242,888</b>	<b>-10,920</b>	<b>6,163</b>	<b>3,344</b>	<b>45,778</b>	<b>0</b>	<b>368,135</b>	<b>368,135</b>
Employee stock option programme ....	0	-264	0	0	0	0	0	-264	-264
Consolidated comprehensive income ...	0	0	-232	-9,064	-1,582	0	39,006	28,128	28,128
Consolidated net profit/loss ..	0	0	0	0	0	0	39,006	39,006	39,006
Other comprehensive income									
Items which may be recycled to profit and loss									
Foreign currency translation difference .....	0	0	0	0	-1,582	0	0	-1,582	-1,582
Cash flow hedges .....	0	0	0	-13,071	0	0	0	-13,071	-13,071
Deferred income taxes .....	0	0	0	4,007	0	0	0	4,007	4,007
Items which are not recycled to profit and loss									
Remeasurement of defined benefit pension plans .....	0	0	-341	0	0	0	0	-341	-341
Deferred income taxes .....	0	0	109	0	0	0	0	109	109
Utilisation of profit and consolidated net profit/loss carried forward									
Consolidated net profit carried forward .....	0	0	3,201	0	0	35,805	-39,006	0	0
<b>31.12.2014</b> .....	<b>80,882</b>	<b>242,624</b>	<b>-7,951</b>	<b>-2,901</b>	<b>1,762</b>	<b>81,583</b>	<b>0</b>	<b>395,999</b>	<b>395,999</b>

# Consolidated statement of changes in equity

for the period from 1 January to 31 December 2013

	Subscribed capital EUR thousand	Share premium EUR thousand	Other retained earnings EUR thousand	Cash flow hedges EUR thousand	Foreign currency adjustment item EUR thousand	Consolidated net profit/loss carried forward EUR thousand	Consolidated net profit/loss EUR thousand	Capital attributable to the parent company's equity holders EUR thousand	Non-controlling interests EUR thousand	Total equity EUR thousand
<b>01.01.2013</b> .....	<b>73,529</b>	<b>179,256</b>	<b>-10,877</b>	<b>-1,419</b>	<b>3,836</b>	<b>34,391</b>	<b>0</b>	<b>278,716</b>	<b>275</b>	<b>278,991</b>
Changes in the companies consolidated .....	0	0	0	0	0	-177	-80	-257	-295	-552
Capital increase										
Payments received from issue of new equity .....	7,353	66,177	0	0	0	0	0	73,530	0	73,530
Cost of issuing new equity .....	0	-1,747	0	0	0	0	0	-1,747	0	-1,747
Income taxes .....	0	524	0	0	0	0	0	524	0	524
Employee stock option programme .....	0	79	0	0	0	0	0	79	0	79
Consolidated comprehensive income .....	0	0	-43	7,582	-492	0	10,243	17,290	20	17,310
Consolidated profit .....	0	0	0	0	0	0	10,243	10,243	20	10,263
Other comprehensive income										
Items which may be recycled to profit and loss										
Foreign currency translation difference ..	0	0	0	0	-492	0	0	-492	0	-492
Cash flow hedges .....	0	0	0	10,831	0	0	0	10,831	0	10,831
Deferred income taxes ...	0	0	0	-3,249	0	0	0	-3,249	0	-3,249
Items which are not recycled to profit and loss										
Remeasurement of defined benefit pension plans ..	0	0	-60	0	0	0	0	-60	0	-60
Deferred income taxes ...	0	0	17	0	0	0	0	17	0	17
Utilisation of profit and consolidated net profit/loss carried forward										
Consolidated net profit carried forward .....	0	-1,401	0	0	0	11,564	-10,163	0	0	0
<b>31.12.2013</b> .....	<b>80,882</b>	<b>242,888</b>	<b>-10,920</b>	<b>6,163</b>	<b>3,344</b>	<b>45,778</b>	<b>0</b>	<b>368,135</b>	<b>0</b>	<b>368,135</b>

## **Notes on the consolidated financial statements**

for the year from 1 January until 31 December 2014

### **General information**

Nordex SE, a listed Societas Europaea, and its subsidiaries develop, manufacture and distribute wind power systems, particularly large megawatt-class turbines, in Germany and in other countries. Nordex SE is domiciled in Rostock, Germany. However, its headquarters are located at Langenhorner Chaussee 600, 22419 Hamburg, Germany.

Nordex SE stock is admitted to regulated trading subject to the advanced admission obligations (TecDAX) stipulated by Deutsche Börse. Its nominal capital as of 31 December 2014 stands at EUR 80,882,447 (2013: EUR 80,882,447) and is divided into 80,882,447 (2013: 80,882,447) no-par-value shares with a notional value of EUR 1 each.

Nordex SE's consolidated financial statements for 2014 were approved for publication in a resolution passed by the Management Board on 25 February 2015.

### **Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the accounting periods presented, unless otherwise stated.

### ***Basis of preparation***

The consolidated financial statements of Nordex SE and its subsidiaries were prepared in accordance with Section 315a of the German Commercial Code using the International Financial Reporting Standards (IFRS) as they are to be applied in the European Union. In this connection, all International Financial Reporting Standards and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) binding for the 2014 reporting year were applied.

The consolidated financial statements were prepared using the historical cost method supplemented with fair-value measurement of the financial assets classified as available for sale and the assets and liabilities at fair value through profit and loss (including derivative financial instruments).

The consolidated financial statements are prepared in thousands of euros.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the section entitled "Critical accounting estimates and assumptions".

As in the previous year, Nordex SE applied the current/non-current distinction provided for in IAS 1 for accounting for assets and liabilities in 2014.

At Nordex SE and all its consolidated companies, the fiscal year is identical to the calendar year.

### ***Effects of new accounting standards***

The new and revised standards to be applied in 2014 are as follows:

- IAS 27, Separate Financial Statements – guidance is provided on the separate financial statements remaining after the guidance on consolidated financial statements contained in IFRS 10 has been applied.
- IAS 28, Investments in Associates and Joint Ventures – provides guidance on accounting for joint ventures and associated companies measured using the equity method after the publication of IFRS 11.
- IAS 32, Financial Instruments: Presentation – This revision clarifies a number of rules pertaining to the netting of financial assets and financial liabilities in the balance sheet.

- IAS 36, Impairment of Assets – Disclosures in the notes concerning value in use and fair value less cost to sell are to be harmonised.
- IAS 39, Financial Instruments: Recognition and Measurement – clarifies that the novation of a derivative does not lead to the dissolution of the hedge provided that certain conditions are cumulatively satisfied.
- IFRS 10, Consolidated Financial Statements – This introduces a new consolidation model for all companies based on the concept of control by the parent of subsidiaries.
- IFRS 11, Joint Arrangements – joint arrangements are accounted for more realistically on the basis of the rights and obligations rather than the contractual arrangement. The possibility for proportionate consolidation has been abolished.
- IFRS 12, Disclosures of interests in other entities – combines the revised disclosure obligations on joint arrangements with those in IAS 27, IFRS 10, IAS 31, IFRS 11 and IAS 28 in a single standard.

The application of the new and revised standards and interpretations does not have any material effects on the consolidated financial statements.

New and revised standards and interpretations which were not yet mandatory in 2014 and have not been early adopted by the Group:

- IAS 1, Presentation of the Financial Statements – removes obstacles in the exercise of the discretionary rights by preparers with respect to the presentation of the financial statements. Application is still subject to endorsement by the European Union.
- IAS 16, Property, Plant and Equipment and IAS 38, Intangible Assets – clarifies which methods are to be used for calculating depreciation and amortisation expense on property, plant and equipment and intangible assets. Application is still subject to endorsement by the European Union.
- IAS 19, Employee Benefits – stipulates that for the purpose of accounting for defined benefit plans the preparer must allocate contributions made by employees (or third parties) which are linked to the service period as a reduction in service cost.
- IAS 27, Separate Financial Statements – the amendments now permit the use of the equity method as an option for accounting for shares in subsidiaries, joint ventures and associated companies in an investor's separate financial statements. Application is still subject to endorsement by the European Union.
- IAS 28, Investments in Associates and Joint Ventures and IFRS 10 Consolidated Financial Statements – clarifies that the profit or loss derived from transactions with a joint venture or associate depends on whether the assets are sold or constitute a business operation. Application is still subject to endorsement by the European Union.
- IFRS 9, Financial Instruments – describes the new model for expected losses arising from impairments and limited changes in the classification and measurement rules for financial assets. IFRS 9 replaces IAS 39 in full. Application is still subject to endorsement by the European Union.
- IFRS 11, Joint Arrangements – states that the purchase of shares in a joint arrangement constituting a business operation as defined in IFRS 3 must apply all the principles for accounting for business combinations stated in IFRS 3 and the other IFRSs provided that they do not conflict with the guidance provided in IFRS 11. Application is still subject to endorsement by the European Union.
- IFRS 15, Revenue from Contracts with Customers – replaces IAS 11, IAS 18 and a number of revenue-related interpretations, providing guidance on how and when revenue from contracts with customers is to be recognised using a five-stage model. It applies to nearly all contracts with customers with the exception of leases, financial instruments and insurance contracts. Application is still subject to endorsement by the European Union.
- IFRIC 21, Levies – provides guidance on when a liability is to be recognised for a levy imposed by a government.
- Annual improvements to the IFRS, 2010–2012 cycle – this is the fifth collective standard containing various amendments to six existing IFRS.
- Annual improvements to the IFRS, 2011–2013 cycle – this is the sixth collective standard containing various amendments to four existing IFRS.

- Annual improvements to the IFRS, 2012–2014 cycle – this is the seventh collective standard containing various amendments to four existing IFRS. Application is still subject to endorsement by the European Union.

No use was made of the possibility for early adoption. The effects of the new and revised standards are being examined in detail.

Moreover, there are no changes in the accounting and measurement methods used compared with the previous year.

## ***Consolidation***

### ***Subsidiaries***

Subsidiaries are defined as all entities (including structured companies) which are controlled by the Group. The Group controls an investee if it has power over it, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Group's returns.

An investee is consolidated from the day on which the investor gains control of it and ends when the investor loses control over it.

Subsidiaries acquired are accounted for using the acquisition method. The acquisition costs equal the fair value of the assets acquired, equity instruments issued and the liabilities arising or assumed as of the date of exchange. In addition, the consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Any transaction costs are reported within profit and loss when they arise. For the purpose of accounting for business combinations, identifiable assets, liabilities and contingent liabilities are consolidated for the first time at their fair value as of the date of acquisition.

The Group makes an individual decision for each business combination whether the non-controlling interests in the acquiree are measured at fair value or on the basis of the proportionate share of the acquiree's net assets.

Goodwill is recognised as the excess of the costs of the business combination, the amount of the non-controlling interests in the acquiree and the fair value of any previously held shares as of the date of acquisition over the Group's shares in the net assets measured at their fair value. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Internal Group transactions, balances as well as unrealised gains and losses from internal Group transactions are eliminated. Where necessary, the accounting policies applied by the subsidiaries have been modified to ensure consistent Group-wide accounting practices.

### ***Transactions with non-controlling interests***

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases of non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence over a company, any retained interest in the company is remeasured at its fair value, with the change in carrying amount recognised in profit or loss.

The fair value is defined as the initial fair value of an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that company are accounted for as if the Group had directly disposed of the related assets or liabilities. This means that amounts previously recognised in other comprehensive income are recycled to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are recycled to profit or loss where appropriate.

The companies consolidated comprise the following six (2013: six) domestic and 27 (2013: 30) non-domestic companies:

<u>Name</u>	Share in capital/ voting rights 31.12.2014	Share in capital/ voting rights 31.12.2013
	%	%
Nordex SE, Rostock (Group parent) . . . . .	—	—
Beebe Wind LLC, Delaware, United States . . . . .	100.0	100.0
Eólicos R4E S.A. de C.V., Tegucigalpa, Honduras . . . . .	100.0	100.0
Green Hills Wind LLC, Delaware, United States . . . . .	100.0	100.0
Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd., Peking, China . . . . .	100.0	100.0
Nordex (Chile) SpA, Santiago, Chile . . . . .	100.0	100.0
Nordex (Dongying) Wind Power Equipment Manufacturing Co. Ltd., Dongying, China . . . . .	100.0	100.0
Nordex Education Trust, Capetown, South Africa . . . . .	100.0	100.0
NordexEnergy Uruguay S.A., Montevideo, Uruguay . . . . .	100.0	100.0
Nordex Energy B.V., Rotterdam, Netherlands . . . . .	100.0	100.0
Nordex Energy GmbH, Hamburg . . . . .	100.0	100.0
Nordex Energy Ibérica S.A., Barcelona, Spain . . . . .	100.0	100.0
Nordex Energy Ireland Ltd., Dublin, Ireland . . . . .	100.0	100.0
Nordex Energy Romania S.r.l., Bucharest, Romania . . . . .	100.0	100.0
Nordex Energy South Africa RF (Pty.) Ltd., Illovo, South Africa . . . . .	100.0	100.0
Nordex Enerji A.S., Istanbul, Turkey . . . . .	100.0	100.0
Nordex France S.A.S., La Plaine Saint-Denis, France . . . . .	100.0	100.0
Nordex Grundstücksverwaltung GmbH, Hamburg . . . . .	100.0	100.0
Nordex Hellas Monoprosopi EPE, Athens, Greece . . . . .	100.0	100.0
Nordex Italia S.r.l., Rome, Italy . . . . .	100.0	100.0
Nordex Offshore GmbH, Hamburg . . . . .	100.0	100.0
Nordex Pakistan (Private) Ltd., Islamabad, Pakistan . . . . .	100.0	100.0
Nordex Polska Sp. z o.o., Warsaw, Poland . . . . .	100.0	100.0
Nordex Singapore Equipment Private Ltd., Singapore, Singapore . . . . .	100.0	100.0
Nordex Singapore Service Private Ltd., Singapore, Singapore . . . . .	100.0	100.0
Nordex Sverige AB, Uppsala, Sweden . . . . .	100.0	100.0
Nordex UK Ltd., Manchester, United Kingdom . . . . .	100.0	100.0
Nordex USA Inc., Chicago, United States . . . . .	100.0	100.0
Nordex USA Management LLC, Chicago, United States . . . . .	100.0	100.0
Nordex Windpark Beteiligung GmbH, Hamburg . . . . .	100.0	100.0
Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd., Ningxia, China . . . . .	100.0	100.0
NPV Dritte Windpark GmbH & Co. KG, Hamburg . . . . .	100.0	100.0
Way Wind, LLC, Delaware, United States . . . . .	100.0	100.0

No companies were consolidated for the first time in the year under review.

The following companies were deconsolidated in the year under review:

<u>Name</u>	<u>Date of sale</u>	
Big Berry Wind Farm LLC, Delaware, United States <sup>1</sup> . . . . .	Liquidated	03.11.2014
Flat Rock Wind LLC, Delaware, United States <sup>2</sup> . . . . .	Sold	25.03.2014
Republic Wind LLC, Delaware, United States <sup>2</sup> . . . . .	Sold	25.03.2014

<sup>1</sup> Deconsolidated effective 30 November 2014.

<sup>2</sup> Deconsolidated effective 31 March 2014.

The deconsolidation of Big Berry Wind Farm LLC, Flat Rock Wind LLC and Republic Wind LLC did not have any effect on profit and loss. As of the date of deconsolidation, none of the companies held any cash and cash equivalents, meaning that the disposal of assets and liabilities did not exert any effect on cash flow.

There are management and profit-transfer agreements in force between Nordex SE and its consolidated domestic companies with the exception of Nordex Offshore GmbH with a corresponding effect on the Group's tax



situation. A tax unity for corporate, trade and value added tax is in force with Nordex SE for the domestic subsidiaries. The list of shareholdings as of 31 December 2014 is attached to these notes.

For the purposes of liability consolidation, all receivables and liabilities as well as unrealised gains and losses on internal Group transactions between consolidated companies of EUR 2,277,785 thousand (2013: EUR 1,669,404 thousand) are netted against each other.

Internal Group transactions as well as unrealised gains and losses from internal Group transactions are eliminated. In connection with the consolidation of expenses and income, internal Group deliveries of services and goods, expenses and income arising from transfer transactions and unrealised profit and loss from internal Group transactions of EUR 690,754 thousand (2013: EUR 487,185 thousand) were eliminated.

#### *Associates*

Associates are all entities over which the Group has significant influence but not control, generally accompanied by a shareholding of between 20% and 50% of the voting rights.

They are accounted for using the equity method of accounting and initially recognised at cost. The Group's investments in associates include goodwill (net of any accumulated impairment loss) identified on acquisition. The Group's share in its associates' profits or losses is recognised in the income statement as of the date of acquisition and its share in changes in reserves is recognised in consolidated reserves. The accumulated post-acquisition movements are adjusted against the carrying amount of the investment. If the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise any further losses unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, the accounting policies applied by the associates have been modified to ensure consistent Group-wide accounting. Dilution gains and losses arising from shares held in associates are recorded in profit and loss.

#### ***Foreign-currency translation***

##### *Functional currency and reporting currency*

The items included in the financial statements of each consolidated company are measured on the basis of the currency which corresponds to the currency of the primary economic environment in which it operates (functional currency). The consolidated financial statements are presented in euros, which is Nordex SE's functional and presentation currency.

##### *Transactions and balances*

Foreign-currency transactions are translated into the functional currency using the exchange rates prevailing on the date of the transaction. Gains and losses from the transaction-date translation of monetary assets and liabilities held in a foreign currency are taken to the income statement.

Foreign exchange gains and losses resulting from the translation of cash, cash equivalents and other financial assets or liabilities are presented in the income statement under other operating income or other operating expenses.

##### *Group enterprises*

The assets and liabilities of all consolidated companies with a functional currency other than the euro are translated using the exchange rate prevailing on each reporting date.

The income and expenses of all consolidated companies with a functional currency other than the euro are translated into euro at the average exchange rate for each income statement (unless the use of the average exchange rate does not result in a reasonable approximation of the cumulative effects which would have arisen had the exchange rate applicable on the dates of the individual transactions been applied; in this case, income and expenses are translated at the rates prevailing on the transaction dates).

Any translation differences are recorded as a separate item in other reserves in equity (foreign currency adjustment item).

The following table sets out the main exchange rates against the euro of importance to the Group:

<u>Exchange rates EUR 1.00 equals</u>	<u>Average exchange rates for the year</u>		<u>End-of-year exchange rate as of 31.12.</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
CNY .....	8.1090	8.1652	7.4437	8.3341
GBP .....	0.8028	0.8498	0.7789	0.8333
PKR .....	133.0902	134.7673	122.1493	144.8205
PLN .....	4.1924	4.2105	4.2820	4.1520
RON .....	4.4379	4.4138	4.4865	4.4600
SEK .....	9.1160	8.6625	9.3800	8.8200
TRY .....	2.8923	2.5537	2.8300	2.9460
USD .....	1.3189	1.3295	1.2155	1.3769
UYU .....	30.6466	27.1739	29.1715	29.1206
ZAR .....	14.3102	12.9216	14.0292	14.4907

#### ***Cash and cash equivalents and fixed-term deposits***

Cash and cash equivalents include cash in hand and short-term bank deposits due for settlement in less than three months. Utilised current account overdrafts are netted with cash and cash equivalents. Fix-term deposits comprise bank deposits callable subject to notice of more than three months.

#### ***Trade receivables and future receivables from construction contracts***

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or within the normal operating cycle of the business if longer), they are classified as current assets. Otherwise they are classified as non-current.

Trade receivables are categorised as loans and receivables. They are recognised initially at fair value and subsequently measured at amortised cost, less any impairment losses, which are calculated on the basis of an individual risk assessment.

Future receivables from construction contracts are amounts due from services performed within the framework of specific customer construction contracts, which are recorded using the percentage-of-completion method (POC method) after deducting expected losses. Future receivables from construction contracts are classified as loans and receivables.

#### ***Inventories***

Inventories are reported at historical cost. Generally speaking, the average method is used to calculate historical cost. The production costs include full costs calculated on the basis of normal capacity utilisation. Specifically, the production costs include directly attributable costs as well as material and production overheads including production-related charges and pension expenses. In addition, production-related administrative overheads are assigned to production costs. Borrowing costs which are directly attributable to the construction of wind power systems and their components as well as advance outlays for project development, rights and infrastructure are included in construction costs.

Suitable adjustments are made to allow for any inventory risks in connection with reduced merchantability. If the net recoverable amount of the inventories on the balance-sheet date is less than their book value, they are written down accordingly. In the event of an increase in the net realisable value of inventories for which impairment expense has previously been recognised, the resultant reversal amount is deducted from the cost of materials or recognised as an increase in inventories.

#### ***Financial assets***

##### ***Classification***

Financial assets are allocated to the following categories: at fair value through profit and loss, loans and receivables and available for sale. The held to maturity category is not dealt with in any detail due to its lack of relevance for the Group.

Classification depends on the purpose for which the financial assets were acquired. Management determines the category of the financial asset upon initial recognition.

- Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are financial assets which are held for trading. In addition, a financial asset is assigned to this category if it has principally been acquired for the purpose of being sold in the near term. Derivatives are also assigned to this category unless they are designated as hedges. Assets in this category are recognised as current assets provided that they are due for settlement in less than twelve months; otherwise they are reported as non-current assets.

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date. Otherwise they are classified as non-current. The Group's loans and receivables are reported in the balance sheet within cash and cash equivalents, fixed-term deposits, trade receivables and future receivables under construction contracts as well as other current financial assets.

- Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial instruments that are either designated in this category or not classified in any of the other categories. They are reported within non-current assets unless management intends to dispose of the investment within twelve months of the reporting date and the asset does not fall due for settlement during this period.

#### *Recognition and measurement*

All purchases and sales of financial assets are recognised on the trade date, i.e. the date on which the Company assumes an obligation to buy or sell the asset in question. Financial assets not designated as at fair value through profit and loss are initially recognised at their fair value plus transaction costs. Financial assets assigned to this category are initially recognised at their fair value; any transaction costs are recorded in profit and loss. Financial assets are derecognised when the rights to payment under the financial assets expire or they have been transferred to third parties together with substantially all risks and opportunities arising from ownership.

After initial recognition, available-for-sale financial assets and financial assets at fair value through profit and loss are measured at their fair value.

Gains or losses from financial assets at fair value through profit and loss are recognised in other operating income or other operating expenses in the income statement in the period in which they arise.

As a general rule, gains and losses from available-for-sale financial assets are recorded within equity in the period in which they arise with the exception of interest income arising from the application of the effective interest method and foreign-currency translation differences arising from monetary securities, which are reported in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the group's right to receive payments is established. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement. Securities classified as available-for-sale financial assets are measured at historical cost less impairment if there is no active market for them and their fair value cannot be reliably determined.

Loans and receivables are subsequently measured at amortised cost using the effective interest method. Interest income arising from the application of the effective interest method is reported within other interest and similar income in the income statement.

#### *Impairment of financial assets*

- Assets measured at amortised cost

A test is performed at each reporting date to identify any evidence of impairment in a financial asset. A financial asset is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of

one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence of impairment may include evidence of financial difficulties on the part of a customer, failure to pay interest or capital amounts, the probability of insolvency or other composition proceedings and discernible facts indicating a measurable reduction in estimated future cash flows such as detrimental changes in the payment situation of the customer or borrower or in the economic situation tantamount to a delay in the performance of obligations.

In the “loans and receivables” category, the extent of the impairment is deemed to equal the difference between the carrying amount of the asset and the present value of the expected future cash flows (with the exception of possible future credit defaults) discounted at the original effective interest rate of the financial asset. The carrying amount of the asset is reduced and the loss taken to profit and loss.

If the amount of the impairment declines in a subsequent period and this decline is due to circumstances arising after the initial recognition of the impairment (e.g. a rating upgrade), the impairment is reversed through profit and loss.

- Assets classified as available for sale

A test is performed at each reporting date to identify any evidence of impairment in a financial asset. In the case of debt instruments, the criteria stated above are applied. In the case of equity instruments classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the instrument below its cost is viewed as an indicator that the instruments are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Any impairment losses on equity instruments recognised in profit or loss may not be reversed through profit or loss. If the fair value of a debt instrument which is classified as an available-for-sale financial asset rises in a subsequent period and this increase is due to circumstances arising after the initial recognition of the impairment, the impairment is reversed through profit and loss.

### ***Property, plant and equipment***

Property, plant and equipment are reported at cost and, where subject to wear and tear, written down on a scheduled basis.

Historical cost includes the directly attributable transaction costs. Any additional cost, e.g. as a result of extensions or replacements, is only assumed to constitute part of the historical cost of the asset in question or – where applicable – reported as a separate asset if future economic benefits are likely to flow to the Group as a result and the costs of the asset can be reliably determined.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until all work has been materially completed required to ready the assets for its intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

In accordance with IAS 20.24, government grants and assistance received for the purposes of acquiring assets are deducted from historical cost.

Expenditure on repairs and maintenance which do not constitute material replacement spending is recognised in profit and loss in the year in which it arises.

Depreciation is calculated on a straight-line basis. For this purpose, the historical cost is written down to the residual carrying amount over the expected useful lives of the assets as follows:

	Useful life	Depreciation rate
Land and buildings (depreciation calculated for buildings only) . . . . .	10–33 years	3%–10%
Technical equipment and machinery . . . . .	3–16 years	6.25%–33.33%
Operating and business equipment . . . . .	2–18 years	5.56%–50%

The assets' residual values and useful lives are reviewed and, if appropriate, adjusted at each reporting date.

If there is any evidence indicating impairment in the value of the asset and the realisable amount is less than the amortised acquisition or production costs, the asset is written down on a non-scheduled basis. If the reasons for the impairment no longer apply, the impairment loss is reversed.

### ***Intangible assets***

#### ***Goodwill***

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill arising from a business combination is recorded separately within intangible assets. The goodwill recognised is subject to an annual impairment test and subsequently measured at historical cost less any accumulated impairment losses. Impairment losses on goodwill are not reversed.

Gains and losses from the sale of a company encompass the carrying amount of the goodwill attributable to the entity being sold.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose in accordance with the business segments identified. Reference should be made to the section on critical accounting estimates and assumptions for details of goodwill impairment testing.

#### ***Capitalised development expense***

Development costs are capitalised if the technical feasibility of completing the intangible asset so that it is available for use or sale and the intention for the intangible asset to be completed, used or sold can be demonstrated. In addition, Nordex SE must be able to demonstrate the generation of a future economic benefit as a result of the asset and the availability of the resources to complete the asset and reliably measure the expenditure attributable to the intangible asset during its development.

The cost of production for such assets includes all costs directly attributable to the production process as well as the production-related overheads and borrowing costs. Capitalised development costs are written down on a straight line over the period in which the project is expected to generate sales, however no longer than five years.

If there is any evidence pointing to impairment in the value of the asset and the realisable amount is below the amortised acquisition or production costs, the asset is written down on a non-scheduled basis. If the reasons for the impairment no longer apply, the impairment loss is reversed.

#### ***Other intangible assets***

Other intangible assets include licenses acquired, software and similar rights.

The assets are recognised at historical cost. They have defined useful lives and are reported at historical cost less cumulative amortisation. Amortisation is calculated on a straight-line basis over the expected useful lives of the assets, which are deemed to expire no later than upon the right extinguishing. The following useful lives are assumed for this purpose:

	<u>Useful life</u>	<u>Amortisation rate</u>
Licenses, software and similar rights .....	2–5 years	20%–50%

### ***Actual and deferred income taxes***

The income tax expense comprises current and deferred income taxes. Income taxes are recorded in the income statement unless they refer to items reported directly in equity or other comprehensive income. In this case, they are also recorded in equity or other comprehensive income.

Current income tax expense is calculated on the basis of the tax legislation applicable or enacted in the countries in which the subsidiaries are active and generate taxable income as of the reporting date. Management regularly checks tax declarations particularly with respect to matters open to interpretation and, if necessary, sets aside provisions based on the amounts which are likely to be payable in tax.

Deferred income taxes are recognised for all temporary differences between the tax base of the assets/ liabilities and their carrying amounts in the IFRS financial statements (liability method), which thus result in higher (deferred income tax liabilities) or lower (deferred income tax assets) taxable income (temporary valuation differences) in the future. No deferred income taxes liabilities are recognised upon the initial recognition of goodwill. Deferred income taxes are not accounted for if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income taxes are determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are only recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. They also include tax reimbursement claims arising from the expected future utilisation of existing tax losses if there is reasonable certainty that they will be realised within a period of five years.

Deferred income tax liabilities are provided on temporary differences arising on investments in non-consolidated subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are netted in cases in which there is an enforceable netting right and the deferred taxes are levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### ***Financial liabilities***

#### ***Classification***

- Financial liabilities held for trading

This category exclusively includes the negative fair value of derivatives that are not included in hedge accounting. All changes to the fair value of the financial liabilities in this category are directly recognised in the income statement.

- Financial liabilities at amortised cost

The “financial liabilities at amortised cost” category includes all non-derivatives and those financial liabilities not subsequently recognised at their fair value. Amortised costs are calculated using the effective interest method.

#### ***Trade payables***

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise they are classified as non-current.

Trade payables are initially measured at their fair value and subsequently remeasured at amortised cost using the effective interest method.

### ***Financial liabilities***

Financial liabilities are initially recognised at their fair value net of transaction costs. In the ensuing periods, they are remeasured at amortised cost; any difference between the payment made (net of transaction costs) and the repayment received is included in the income statement over the term of the loan using the effective interest method.



### ***Other provisions***

Provisions are recognised if the Group has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources embodying economic benefits will be necessary to settle the obligation and a reliable estimate can be made of the amount of the obligation. Values are calculated on the basis of prudent estimates in the light of all discernible risks at the level of their probable occurrence.

If a number of similar obligations exist, as is the case with guarantee and warranty provisions, the probability of the burden on assets as a result of this group of obligations is determined.

Provisions are recognised at the present value of the expenditure expected to be required to settle the obligation discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Increases in provisions resulting solely from interest costs are recorded as interest expense in the income statement.

### ***Pensions and similar obligations***

The Group has both defined benefit and defined contribution pension plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a non-Group separate entity (fund). In the case of defined contribution plans, the Group pays contributions to public or private pension insurance schemes on the basis of a statutory or contractual obligation or on a voluntary basis. The Group has no further payment obligations beyond the payment of these contributions. The contributions are recorded as personnel costs when they fall due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

By contrast, a defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and remuneration. The provisions on the balance sheet for defined benefit plans correspond to the present value of the defined benefit obligation (DBO) as of the reporting date. The DBOs are calculated annually by independent actuarial experts using the projected unit credit method. The present value of the DBOs is calculated by discounting the expected future outflows of funds with the interest rate of investment-grade corporate bonds. The corporate bonds are denominated in the currencies in which the benefits are paid and with maturities matching those of the pension obligations. Actuarial gains and losses based on historical adjustments and changes to actuarial assumptions are recorded in other comprehensive income in the period in which they arise.

### ***Equity capital***

Ordinary shares are classified as equity capital. Incremental costs which are directly attributable to the issue of new shares or options are recognised in equity as a deduction net of tax from the proceeds of the issue.

### ***Stock option plan***

Nordex SE grants the Management Board of Nordex SE the right free of charge to acquire shares in Nordex SE. Nordex SE may also make a cash settlement in lieu of delivery of shares. As there is currently no obligation to make a cash settlement and this is not planned in the future, stock options are accounted for as equity-settled obligations.

The employee services received in exchange for the grant of the options are recognised as expense. This expense is determined by reference to the fair value of the options granted, including market-based plan conditions and exclusive non-market-based plan conditions, as well as “non-vesting conditions”. The latter are included in assumptions about the number of options that are expected to vest. The total expense is recognised proportionately over the vesting period.

The Company monitors the expected number of options that are likely to be exercised during the vesting period at the end of every reporting period. Deviations from earlier estimates are adjusted and recorded in the income statement. A corresponding adjustment is then made to equity.

### ***Derivative financial instruments and hedges***

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured at their fair value. The method for recording profits and losses depends on whether the derivative financial statement has been designated as a hedge and the nature of the hedged item.



### *Currency forwards*

Currency forwards are used to hedge items of the balance sheet and future cash flows (“hedged item”) with a high probability of occurrence. The Group applies the hedge-accounting rules set out in IAS 39, which stipulate that hedge accounting is possible only if the clear hedging relationship between the hedged item and the hedge is documented and its efficacy is proved.

Like other derivative financial instruments, cash flow hedges satisfying these requirements are measured at fair value. Any changes in the fair value of the effective part of the derivative are initially recorded in the cash flow hedge reserve and only recycled to profit and loss when the hedged item is realised; the ineffective part of the cash-flow hedge is taken to profit and loss immediately and recorded within other operating income or other operating expenses, as the case may be. The ineffective part of cash flow hedges comprises income and expense arising from any changes in the fair value of the currency forwards exceeding the changes in the fair value of the hedged items for which, however, efficacy within the permissible range of between 80% and 125% has been determined.

If a hedge expires, is sold or no longer qualifies for hedge accounting, the cumulative profit or loss hitherto recorded within equity is not recycled to profit and loss until the originally hedged transaction is realised. If the future transaction is no longer expected to be realised, the cumulative profit and loss recognised within equity must be immediately recycled to profit and loss.

Currency forwards which are used within the Group for hedging foreign currency risks in accordance with business criteria but which do not satisfy the strict criteria of IAS 39 for the application of hedge accounting are classified as assets and liabilities at fair value through profit and loss and classed as held for trading. Gains or losses from these currency forwards designated as fair-value hedges are recognised within other operating income or other operating expenses, as the case may be, in the income statement in the period in which they arise.

### *Leases*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease and reported within other operating expenses.

Leases in which the Group holds the material risks and benefits from ownership of the leased assets are classified as finance leases. Assets leased under finance leases are recognised at the lower of their fair value and the present value of the minimum lease payment at the beginning of the lease.

A lease liability of the same amount is recorded within non-current liabilities. Each lease payment is divided into an interest and a repayment component to ensure that a constant interest rate is applied to the lease liability. The net lease liability is reported within non-current liabilities. The interest component of the lease payment is recorded within net interest income/expense in the income statement and spread evenly over the term of the lease. Assets under finance leases are written off over the shorter of their expected useful life and the term of the lease.

### *Borrowing costs*

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Otherwise they are recognised through profit and loss in the period in which they arise.

A qualifying asset is one whose construction or assembly takes more than one year.

### *Revenue recognition*

#### *Sales*

Revenues comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group’s activities. They are shown net of value added tax, returns, rebates and discounts as well as after eliminating sales within the Group.

Revenues comprise income from the completion of construction contracts for customers, the sale of wind power systems and from service contracts.

In the case of production for customers, sales are recognised using the percentage-of-completion method on the basis of the ratio of actual to planned costs if

- a) a legally binding contract has been signed,
- b) all necessary construction permits have been issued,
- c) a connection has been established with the grid or a grid-connection agreement has been signed,
- d) the customer has obtained the necessary finance, and
- e) the customer has remitted the agreed prepayment.

For this purpose, profit is recognised on a prorated basis in accordance with the percentage of completion provided that the percentage of completion, total costs and total revenues from the orders in question can be reliably calculated. Contract costs comprise the costs directly attributable to the contract as well as production overheads.

If circumstances arise that may change the original estimates of revenues, costs or the percentage of completion, then these estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known to management. Revenues from service contracts are recognised upon the service being provided.

#### *Interest income*

Interest income is recorded in the period in which it arises.

### **Financial risk management**

#### ***Financial risk management – purposes and methods***

As an enterprise acting on an international level, the Nordex Group is exposed to financial risks in its operating business and financial transactions. These are primarily market, credit and liquidity risks. The purpose of financial risk management is to limit these market risks by means of ongoing operating and finance-oriented activities. For this purpose, derivative and non-derivative hedge instruments are used. Derivative financial instruments are used solely for hedging purposes and are not utilised for trading or speculative purposes. These transactions are executed on a central basis by Nordex SE as the parent company.

All transactions involving derivative financial instruments are subject to stringent monitoring, which is particularly ensured by a strict separation of trading, back-office and supervisory functions. Moreover, certain transactions require the prior approval of the Management Board, which is additionally kept regularly informed of the extent and value of the outstanding risk positions. The Treasury department is responsible for implementing the financial strategy and for ongoing risk management. All of Nordex's counterparties in contracts for derivative financial instruments are domestic and foreign banks whose ratings are permanently monitored. Nordex is able to mitigate risk by diversifying its trading partners.

#### ***Market risk***

##### ***Foreign-currency risk***

The Group's business is exposed to fluctuations in exchange rates as a result of its international orientation. The main risks are primarily to be found in the exchange rate between the euro (EUR), the US dollar (USD), pound sterling (GBP) and the South African rand (ZAR). Foreign-currency risks arise from expected future transactions, assets and liabilities recognised on the face of the balance sheet. Currency forwards are used only to hedge transaction exchange rate risks.

The Group's risk management policy provides for contractually agreed future transactions as well as existing assets and liabilities to be hedged. As of 31 December 2014, these were primarily US-dollar, pound sterling and South African rand currency forwards. The notional repayment amounts for outstanding currency forwards stand at EUR 107,546 thousand as of 31 December 2014 (2013: EUR 208,699 thousand) particularly due to business in

the United States and South Africa; however, the opposing currency flows cancel each other out. The Nordex Group's operating activities were not exposed to any material transaction currency risks as of the reporting date thanks to these hedging activities.

For the purpose of describing market risks, a currency sensitivity analysis is performed to determine the effects of hypothetical changes in relevant risk variables on the Company's earnings and equity. Currency risks arise as a result of financial instruments denominated in a currency other than the Group's functional currency and of a monetary nature; differences as a result of exchange rates in the translation of single-entity financial statements for inclusion in the consolidated financial statements are ignored. As a matter of principle, the relevant risk variables comprise all non-functional currencies in which the Nordex Group transacts financial instruments.

If the exchange rate of the US dollar had appreciated against the euro by 10% on 31 December 2014, post-tax profit would – all other variables being equal – have decreased by EUR 3.5 million (2013: increased by EUR 4.5 million) for the year as a whole as a result of the change in the originated financial instruments (cash and cash equivalents, fixed-term deposits, receivables from construction contracts, trade receivables and payables, prepayments received and bank borrowings). If the exchange rate of the US dollar had depreciated by 10%, post-tax profit would have been EUR 2.8 million higher (2013: EUR 3.7 million lower). Appreciation/depreciation by 10% in the exchange rate of the US dollar would have resulted in a decrease in post-tax profit of EUR 0.9 million (2013: EUR 6.1 million) and an increase of EUR 0.7 million (2013: EUR 5.0 million), respectively, as a result of the currency forwards entered into for hedging purposes but not qualifying for hedge accounting.

If the exchange rate of pound sterling had appreciated by 10% against the euro on 31 December 2014, post-tax profit would – all other variables being equal – have decreased by EUR 0.3 million (2013: increased by EUR 0.05 million) for the year as a whole as a result of the change in the originated financial instruments (cash and cash equivalents, fixed-term deposits, receivables from construction contracts, trade receivables and payables, prepayments received and bank borrowings). If the exchange rate of pound sterling had depreciated by 10%, post-tax profit would have been EUR 0.3 million higher (2013: EUR 0.04 million lower). Appreciation/depreciation by 10% in the exchange rate of pound sterling would have resulted in a decrease in post-tax profit of EUR 0.1 million (2013: EUR 0.05 million) and an increase of EUR 0.08 million (2013: EUR 0.03 million), respectively, as a result of the currency forwards entered into for hedging purposes but not qualifying for hedge accounting.

If the exchange rate of the South African rand had appreciated against the euro by 10% on 31 December 2014, post-tax profit would – all other variables being equal – have increased by EUR 0.1 million (2013: increased by EUR 1.8 million) for the year as a whole as a result of the change in the originated financial instruments (cash and cash equivalents, fixed-term deposits, receivables from construction contracts, trade receivables and payables, prepayments received and bank borrowings). If the exchange rate of the South African rand had depreciated by 10%, post-tax profit would have been EUR 0.09 million lower (2013: EUR 1.5 million lower). Appreciation/depreciation by 10% in the exchange rate of the South African rand would have resulted in a decrease in post-tax profit of EUR 0.5 million (2013: EUR 0.2 million) and an increase of EUR 0.4 million (2013: EUR 0.4 million), respectively, as a result of the currency forwards entered into for hedging purposes but not qualifying for hedge accounting.

In the event of 10% appreciation/depreciation in the respective foreign currency against the Group currency, the measurement of the currency forwards entered into for hedging purpose and qualifying for hedge accounting would have resulted in the following effects on the hedge accounting reserve within equity and post-tax profit:

<u>Currency parity</u>	<u>+10% EUR million</u>	<u>-10% EUR million</u>
EUR/USD		
Hedge accounting reserve .....	-3.0	2.0
Profit/loss after tax .....	0	0
EUR/GBP		
Hedge accounting reserve .....	-2.5	2.0
Profit/loss after tax .....	0	0

#### *Interest risk*

Nordex SE does not have any material floating-rate assets or liabilities exposed to interest rate risks as of the reporting date.

### *Credit risk*

The Group enters into business solely with investment-grade rated third parties. All main new customers wishing to enter into business with the Group on credit terms undergo a credit check. As a matter of principle, default risks or the risk of counterparties failing to comply with their payment obligations are addressed ahead of acceptance of the order by means of a standardised approval procedure. In particular, the order is not accepted unless the project finance is guaranteed by a bank and/or a bank guarantee or group bond has been issued. In addition, the contracts provide for payment to be made upon certain milestones being reached. Moreover, receivables are monitored on an ongoing basis to avert all material risks of default.

The maximum default risk is limited to the carrying amount in question. There is no pronounced clustering of default risks within the Group. Receivables from construction contracts and trade receivables are additionally secured by means of bonds, guarantees and stand-by letters of credit of EUR 3,397.8 million (2013: EUR 2,522.1 million) or by means of retained ownership rights of EUR 63.3 million (2013: EUR 76.1 million).

### *Liquidity risk*

Nordex SE monitors and coordinates Group liquidity on a continuous basis, tracking payments made and received in the light of the settlement periods of the financial investments and assets as well as expected payment flows from operating activities.

The Group seeks to achieve a balance between current incoming and outgoing payments. In some cases, Nordex uses cross-border cash pooling mechanisms or other in-house banking instruments to enhance the efficiency of liquidity management within the Group. Group treasury invests remaining liquidity positions conservatively with domestic and non-domestic banks. For this purpose, limits and counterparty risks are permanently monitored.

As a matter of principle, the Nordex Group finances projects via prepayments made by customers. With all projects, the payments are called down in accordance with the progress of work on the basis of the agreed contractual schedule.

The Group's external funding is primarily based on the debt instruments described below.

### *Corporate bond*

In April 2011, Nordex SE issued a bond (ISIN: XS0601426538) with a fixed coupon of 6.375% and a tenor of five years. The coupon is due annually on 12 April. The full issuing prospectus is available to the general public on the Internet at [www.nordex-online.com/en/investor-relations/anleihen.html](http://www.nordex-online.com/en/investor-relations/anleihen.html).

### *Multi-currency guarantee facility*

The Nordex Group has a syndicated multi-currency credit facility of EUR 550,000 thousand, which was renewed on 24 February 2014 on substantially improved terms and expires on 30 June 2017. As of 31 December 2014, it had unutilised guarantee facilities of EUR 183,999 thousand (2013: EUR 87,795 thousand).

Collateral was provided in the form of land charges of EUR 55,000 thousand (2013: EUR 90,000 thousand) as well as pledges on assets in the form of a storage assignment. The borrowers and guarantors are Nordex SE and other main Nordex Group companies.

### *Research and development loan*

On 22 April 2014, Nordex raised a research and development loan of EUR 100,000 thousand with the European Investment Bank. It intends to use this loan to finance the development of increasingly more efficient technical solutions to additionally extend its competitive lead. The loan has a term of eight years from the date on which it is drawn and is repaid in instalments. The borrower is NORDEX Energy GmbH with the main Nordex Group companies holding joint and several liability. In addition, the European Investment Bank is providing collateral for the multi-currency guarantee facility. As of 31 December 2014, the loan had not yet been drawn upon.

### *Syndicated loan*

The adjusted syndicated loan entered into in November 2009 under the KfW "Large Corporates" programme was prematurely repaid in full on 29 August 2014 (2013: EUR 25,316 thousand) due to Nordex's good liquidity position as well as the decision to optimise debt capital structure and interest expense.

## Covenants

In 2014, all facilities/loans were subject to uniform and agreed financial and non-financial covenants such as equity ratio, leverage, interest cover and order receipts, compliance with which is confirmed in quarterly reports to the banks. As in the previous year, all covenants applicable in 2014 were satisfied in full.

The banks may only terminate the existing facilities for good cause, which includes the breach of the financial covenants.

## Maturity structure of financial liabilities

As of 31 December 2014, the Group's originated financial liabilities including future interest broken down by maturity as follows:

Year ending 31.12.2014	Less than 3 months EUR thousand	3–12 months EUR thousand	1 to 5 years EUR thousand	More than 5 years EUR thousand	Total EUR thousand
Current bank borrowings	0	0	0	0	0
Non-current bank borrowings	0	0	0	0	0
Trade payables	173,378	4,101	0	0	177,479
Other financial liabilities	19,497	16,022	152,683	0	188,202

Year ending 31.12.2013	Less than 3 months EUR thousand	3–12 months EUR thousand	1 to 5 years EUR thousand	More than 5 years EUR thousand	Total EUR thousand
Current bank borrowings	2,534	7,367	0	0	9,901
Non-current bank borrowings	0	0	18,207	0	18,207
Trade payables	181,976	8,274	0	0	190,250
Other financial liabilities	19,214	16,111	171,744	8,695	215,764

As of 31 December 2014, derivative financial instruments had the following age structure:

Year ending 31.12.2014	Less than 3 months EUR thousand	3–12 months EUR thousand	1 to 5 years EUR thousand	More than 5 years EUR thousand	Total EUR thousand
<b>Receivables from derivatives with gross settlement</b>					
Cash inflow	21,448	9,864	0	0	31,312
Cash outflow	–20,448	–9,297	0	0	–29,745
	<b>1,000</b>	<b>567</b>	<b>0</b>	<b>0</b>	<b>1,567</b>

<b>Liabilities from derivatives with gross settlement</b>					
Cash inflow	34,299	72,286	10,401	0	116,986
Cash outflow	–35,855	–76,642	–10,983	0	–123,480
	<b>–1,556</b>	<b>–4,356</b>	<b>–582</b>	<b>0</b>	<b>–6,494</b>

Year ending 31.12.2013	Less than 3 months EUR thousand	3–12 months EUR thousand	1 to 5 years EUR thousand	More than 5 years EUR thousand	Total EUR thousand
<b>Receivables from derivatives with gross settlement</b>					
Cash inflow	154,258	29,766	0	0	184,024
Cash outflow	–147,845	–24,985	0	0	–172,830
	<b>6,413</b>	<b>4,781</b>	<b>0</b>	<b>0</b>	<b>11,194</b>

<b>Liabilities from derivatives with gross settlement</b>					
Cash inflow	13,946	12,915	30,639	0	57,500
Cash outflow	–14,250	–13,153	–31,292	0	–58,695
	<b>–304</b>	<b>–238</b>	<b>–653</b>	<b>0</b>	<b>–1,195</b>

## Capital risk management

Equity stood at EUR 395,999 thousand as of 31 December 2014 (2013: EUR 368,135 thousand). The main aims of financial management are to ensure sustained growth in enterprise value and to safeguard the Group's liquidity and credit rating.

The Group monitors its capital by reference to the working capital employed. Working capital is defined as the sum total of inventories, receivables from construction contracts and trade receivables less advance payments received and trade payables.

	31.12.2014 EUR thousand	31.12.2013 EUR thousand
Inventories	273,880	263,905
Receivables from construction contracts	126,663	152,287
Trade receivables	58,798	61,741
Advance payments received	-321,971	-256,794
Trade payables	-177,479	-190,250
	<b>-40,109</b>	<b>30,889</b>
Sales	1,734,531	1,429,276
<b>Working capital ratio</b>	<b>-2.3%</b>	<b>2.2%</b>

## Critical accounting estimates and judgements

The most important assumptions concerning the future and other key sources of estimation uncertainty as of the reporting date giving rise to a significant risk of a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year concern the following items:

### *Goodwill impairment testing*

The Group tests goodwill for impairment at least annually at the end of each year ("impairment only" approach). This necessitates the calculation of the value in use of the cash generating units to which the goodwill has been assigned. To estimate the value in use, the Group must estimate the likely future cash flows from the cash generating unit and additionally select an appropriate discount rate to calculate the present value of this cash flow.

Goodwill is assigned to the Europe segment. The value in use for the Europe segment is calculated by reference to the budget for 2015 as well as the following two years derived from the Company's medium-term forecasts. Cash flows beyond the three-year period were extrapolated using a consistent growth rate of 10.0% p.a. (2013: 10.0% p.a.). The discount rate before tax is 10.86% (2013: 9.71%) and is based on the weighted average cost of capital (WACC). The discount rate is based on a risk-free interest rate of 1.01% (2013: 2.00%), a market risk premium of 5.6% (2013: 6.0%) and a beta factor of 1.98 (2013: 1.46). The beta factor and the ratio of the market value of equity capital to the market value of debt capital were determined by reference to a segment-specific peer group.

### *Capitalised development costs*

The Group reviews the fair value of the capitalised development costs at least once a year. In doing so, the Management Board assumes a useful life of five years for the purpose of calculating depreciation expense on capitalised development costs. In addition, the likely economic benefit of the development is determined by estimating the values in use of the cash generating units to which capitalised development costs are allocated. Past development costs which have become technically antiquated are written off.

The Group capitalised development costs with a residual carrying amount of EUR 106,118 thousand as of 31 December 2014 (2013: EUR 94,315 thousand).

### *Guarantee provisions*

Provisions for guarantees, warranty claims, service and maintenance stood at EUR 52,560 thousand as of the reporting date (2013: EUR 62,457 thousand). Provisions are recognised and measured on the basis of estimates



which, among other things, may incorporate historical data particularly with respect to the expected costs. Actual costs may differ from the provisions due to the inherent uncertainties.

### ***Deferred income taxes***

As the parent company, Nordex SE recognises deferred income tax assets on unused tax losses. Deferred income tax assets are calculated on the basis of a medium-term forecast for the German part of the Nordex Group. The forecast period for the probability of unused tax losses being utilised is unchanged at five years. Deferred income tax assets for domestic unused tax losses were calculated using an unchanged tax rate of 15.83% including the solidarity surcharge in the case of corporate tax and 16.18% in the case of trade tax.

The non-domestic subsidiaries within the Nordex Group recognise deferred income tax assets for unused tax losses in the light of the national tax rates and make allowance for any restrictions in the length of time in which the tax losses may be utilised. Deferred income tax assets are calculated on the basis of the medium term forecasts for the subsidiary in question.

As of 31 December 2014, the deferred income tax assets on unused tax losses came to EUR 66,259 thousand (2013: EUR 69,811 thousand).

### ***Receivables from construction contracts***

Nordex records receivables under construction contracts in accordance with IAS 11. In this connection, the proceeds from fixed-price contracts are compared with the planned contract costs from the wind farm projects. Nordex has installed a project monitoring system, which reports to project management, to oversee project costs. In addition to initial pricing, this system observes pricing changes during the performance of the contract as well as the final pricing activities. Revenues and margin contributions are recorded in accordance with the percentage of completion of the contract up until final acceptance by the customer.

### **Group segment report**

The Nordex Group is engaged in the development, production, servicing and marketing of wind power systems. In addition to development and production, it provides preliminary project development services to support marketing, acquires rights and creates the infrastructure required to construct wind power systems at suitable locations. The Nordex Group is essentially a single-product company. Segment reporting follows the internal reports submitted to the chief operating decision maker.

Nordex SE's Management Board has been identified as the chief operating decision maker. Three reportable segments which are based on the geographic markets and managed separately have been designated. Nordex SE operates solely as a holding company and can therefore not be allocated to any of the three segments.



Internal reporting is based on the accounting policies applied to the consolidated financial statements. Segment sales comprise sales with third parties (external sales) as well as internal sales between the individual regions (internal sales). The prices of deliveries between the individual segments are determined on an arm's length basis. External sales are assigned in accordance with the sales destination. Segment earnings are consolidated on the basis of external sales. The following table sets out the disclosures required by IFRS 8.32:

	Europe		Asia		America		Central units		Consolidation		Total group	
	2014 EUR thousand	2013 EUR thousand	2014 EUR thousand	2013 EUR thousand	2014 EUR thousand	2013 EUR thousand	2014 EUR thousand	2013 EUR thousand	2014 EUR thousand	2013 EUR thousand	2014 EUR thousand	2013 EUR thousand
<b>Group segment report</b>												
<b>Sales</b>	<b>1,598,319</b>	<b>1,348,058</b>	<b>72,194</b>	<b>41,302</b>	<b>200,719</b>	<b>81,690</b>	<b>0</b>	<b>0</b>	<b>-136,701</b>	<b>-41,774</b>	<b>1,734,531</b>	<b>1,429,276</b>
Depreciation/amortisation	-40,311	-35,726	-325	-793	-972	-1,087	-1,416	-1,629	0	0	-43,024	-39,235
Interest income	1,401	2,632	157	127	12	161	7,825	13,304	-6,966	-14,377	2,429	1,847
Interest expenses	-14,339	-23,092	-147	-2,107	-1,239	-3,793	-11,699	-13,154	6,966	14,377	-20,458	-27,769
Income taxes	50,401	-22,666	-374	169	618	5,209	-66,982	9,350	0	0	-16,337	-7,938
<b>Earnings before interest and taxes (EBIT); segment earnings</b>	<b>95,500</b>	<b>75,844</b>	<b>453</b>	<b>-6,061</b>	<b>7,775</b>	<b>803</b>	<b>14,236</b>	<b>12,334</b>	<b>-39,939</b>	<b>-38,588</b>	<b>78,025</b>	<b>44,332</b>
Investments in property, plant and equipment and intangible assets	75,751	70,321	39	195	268	633	230	474	0	0	76,288	71,623
Cash and cash equivalents	75,744	56,603	14,037	7,756	13,044	26,611	210,595	241,993	0	0	313,420	332,963

## Notes on the balance sheet

### *(1) Cash and cash equivalents and fixed-term deposits*

This item primarily comprises bank balances.

Of this sum, EUR 392 thousand (2013: EUR 111 thousand) has been deposited in a trust account with a bank subject to withdrawal restrictions.

Deposits which are immediately callable are subject to variable interest rates, while fixed-term deposits are invested over different terms depending on the Group's funding requirements and are subject to fixed rates.

Cash and cash equivalents equal the cash and cash equivalents set out in the cash flow statement.

### *(2) Trade receivables and future receivables from construction contracts*

Receivables break down as follows:

	<u>31.12.2014</u> EUR thousand	<u>31.12.2013</u> EUR thousand
Trade receivables (gross) .....	61,151	63,590
Less impairment .....	-2,353	-1,849
Trade receivables (net) .....	58,798	61,741
Future receivables from construction contracts .....	<u>126,663</u>	<u>152,287</u>
	<b><u>185,461</u></b>	<b><u>214,028</u></b>

Trade receivables are not subject to interest and are generally due for settlement within 30 to 90 days.

Adjustments to trade receivables were as follows in the year under review as well as in the previous year:

	<u>2014</u> EUR thousand	<u>2013</u> EUR thousand
Impairments on 1 January .....	1,849	3,743
Additions recognised as expense .....	1,446	1,069
Utilised .....	-49	-227
Released .....	<u>-893</u>	<u>-2,736</u>
<b>Impairments on 31 December .....</b>	<b><u>2,353</u></b>	<b><u>1,849</u></b>

As of 31 December 2014, trade receivables had the following age structure:

	<u>31.12.2014</u> EUR thousand	<u>31.12.2013</u> EUR thousand
Receivables not overdue or adjusted .....	20,150	33,461
Receivables not adjusted but overdue by		
up to 30 days .....	20,293	10,203
31-90 days .....	7,131	8,709
91-180 days .....	3,470	1,542
181-360 days .....	4,314	3,954
361 days and more .....	3,146	3,297
Total of overdue but non-adjusted receivables .....	38,354	27,705
Partially adjusted receivables .....	<u>294</u>	<u>575</u>
	<b><u>58,798</u></b>	<b><u>61,741</u></b>

In the year under review, non-impaired receivables of a total of EUR 169 thousand (2013: EUR 0 thousand) were derecognised. There is no evidence of any impairment of the receivables which have not been adjusted.

Impairments were recognised for receivables from customers with whom payment delays had occurred in the past or which must be expected on the light of historical experience.

Future receivables from construction contracts also comprise unfinished orders recognised in accordance with the percentage-of-completion method provided for in IAS 11. The item comprises the order costs incurred as of the reporting date and the prorated profit on orders realised in accordance with the cost-to-cost method. Prepayments received were deducted.

For the purpose of measuring non-current construction contracts, impairments of EUR 1,737 thousand were recognised on future receivables from construction contracts in 2014 (2013: EUR 74 thousand).

Receivables from construction contracts broke down as follows:

	<b>31.12.2014</b> <b>EUR thousand</b>	<b>31.12.2013</b> <b>EUR thousand</b>
Accrued contract costs and proportionate realised profits on orders . . . . .	1,846,005	1,178,663
Less prepayments received . . . . .	<u>-1,719,342</u>	<u>-1,026,376</u>
	<b><u>126,663</u></b>	<b><u>152,287</u></b>

The maximum credit exposure on the reporting date equals the carrying amount of the receivables.

### **(3) Inventories**

	<b>31.12.2014</b> <b>EUR thousand</b>	<b>31.12.2013</b> <b>EUR thousand</b>
Raw materials and supplies . . . . .	176,024	144,632
Work in progress . . . . .	94,128	117,315
Prepayments made . . . . .	<u>3,728</u>	<u>1,958</u>
	<b><u>273,880</u></b>	<b><u>263,905</u></b>

Raw materials and supplies primarily comprise production and service material. Work in progress relates to wind power systems under construction as well as advance outlays for project development, licenses and infrastructure of EUR 1,354 thousand (2013: EUR 575 thousand) not due for completion until after 2015.

The carrying amount of the inventories includes the following adjustments:

	<b>2014</b> <b>EUR thousand</b>	<b>2013</b> <b>EUR thousand</b>
Impairments on 1 January . . . . .	28,782	22,597
Utilised . . . . .	-9,030	-9,564
Released . . . . .	-778	-965
Additions recognised as expense . . . . .	<u>9,088</u>	<u>16,714</u>
<b>Impairments on 31 December . . . . .</b>	<b><u>28,062</u></b>	<b><u>28,782</u></b>

Utilisation of the impairments is particularly related to the reduction in aged inventories, while allocations are primarily for advance outlays in connection with project development.

The carrying amount of the impaired inventories stands at EUR 8,500 thousand (2013: EUR 18,985 thousand).

#### **(4) Other current financial assets**

Other current financial assets break down as follows as of the reporting date:

	<b>31.12.2014</b> <b>EUR thousand</b>	<b>31.12.2013</b> <b>EUR thousand</b>
Receivables from non-consolidated affiliated companies, investments and associates .....	15,671	17,838
Insurance claims .....	3,872	158
Deposits/collateral .....	3,000	1,514
Creditors with debit accounts .....	1,586	395
Currency forwards .....	1,567	11,194
Bonus claims against suppliers .....	187	100
Loans to non-consolidated affiliated companies .....	150	214
Adjustments .....	-2	-10
Other .....	1,482	2,041
	<b><u>27,513</u></b>	<b><u>33,444</u></b>

Receivables from non-consolidated affiliated companies, investees and associates entail the delivery of goods and services and particularly also finance for project entities. As in the previous year, they are due for settlement in less than one year.

In the year under review, impairments of EUR 7 thousand were utilised (2013: EUR 0 thousand). There were no additions (2013: EUR 0 thousand).

#### **(5) Other current non-financial assets**

Other current non-financial assets break down as follows:

	<b>31.12.2014</b> <b>EUR thousand</b>	<b>31.12.2013</b> <b>EUR thousand</b>
Tax reimbursement claims .....	31,155	39,996
Prepaid expenses .....	8,487	5,075
Transportation equipment .....	1,863	7,849
Government grants .....	1,091	1,091
Claims against suppliers .....	749	338
Other .....	866	762
	<b><u>44,211</u></b>	<b><u>55,111</u></b>

Tax reimbursement claims primarily relate to the input tax reimbursement claims held by Nordex Energy GmbH of EUR 13,851 thousand (2013: EUR 9,722 thousand) and Nordex Enerji A.S. of EUR 7,934 thousand (2013: EUR 7,324 thousand).

Prepaid expenses chiefly comprise prepayments for guarantees and licences.

Government grants have been received for the acquisition of further productive assets. The assets for which the grants have been received must remain at the designated sites within the restricted five-year period, which commences upon completion of the investment activity. In addition, around 650 jobs must be maintained permanently during this period.

The claims against suppliers of EUR 749 thousand (2013: EUR 338 thousand) relate to receivables in connection with the purchase of transmissions and rotor blades.

#### **(6) Property, plant and equipment**

Tangible fixed assets break down as follows:

	<b>31.12.2014</b> <b>EUR thousand</b>	<b>31.12.2013</b> <b>EUR thousand</b>
Land and buildings .....	42,478	41,799
Technical equipment and machinery .....	58,022	46,425
Other equipment, operating and business equipment .....	21,807	19,046
Prepayments made and assets under construction .....	13,886	10,099
	<b><u>136,193</u></b>	<b><u>117,369</u></b>

In the year under review, Nordex received a government grant to expand its facility in Rostock. The assets for which the grant is provided must be retained in the facility in question for a period of five years after the completion of the expansion project. In addition, an annual average of around 1,126 jobs must be maintained permanently during this period. The government grant of EUR 760 thousand received in 2014 was deducted from the cost of the assets in question in accordance with IAS 20.24.

The finance lease in existence since 2010 for the production facility in the United States was terminated in connection with the sale of this facility on 20 May 2014. Property, plant and equipment include the following assets held by the Nordex Group under finance leases in the previous year:

	<b>31.12.2013</b> <b>EUR thousand</b>
Land and buildings .....	530
Technical equipment and machinery .....	1,205
	<b><u>1,735</u></b>

Movements in property, plant and equipment are set out in the statement of changes in property, plant and equipment and intangible assets

#### **(7) Goodwill**

It is unchanged over the previous year at EUR 9,960 thousand. Goodwill is assigned to the Europe segment.

##### *Goodwill impairment testing*

Goodwill undergoes annual impairment testing (impairment only approach) at the end of each year at the level of the Europe segment; reversals are not permitted. As in the previous year, no impairment losses were recorded in 2014 as the recoverable value of the Europe segment was higher than the carrying amount of the segment's assets plus the carrying amount of the goodwill.

#### **(8) Capitalised development costs**

As of the reporting date, development costs net of amortisation of EUR 106,118 thousand (2013: EUR 94,315 thousand) were capitalised. In 2014, development costs of EUR 30,694 thousand (2013: EUR 35,875 thousand) were capitalised. The additions entail borrowing costs of EUR 2,705 thousand (2013: EUR 2,388 thousand) at a rate of 6.68% (2013: 6.68%). Further development costs of EUR 22,734 thousand also arising in 2014 (2013: EUR 15,152 thousand) did not meet the criteria for capitalisation and were therefore recorded in profit and loss.

Movements in capitalised development costs are set out in the statement of changes in property, plant and equipment and intangible assets.

#### **(9) Other intangible assets**

Other intangible assets break down as follows:

	<b>31.12.2014</b> <b>EUR thousand</b>	<b>31.12.2013</b> <b>EUR thousand</b>
Concessions, trade and similar rights .....	20,200	24,309
Cumulative depreciation .....	<u>-17,334</u>	<u>-21,106</u>
	<b><u>2,866</u></b>	<b><u>3,203</u></b>

Amortisation expense calculated for other intangible assets came to EUR 1,640 thousand in 2014 (2013: EUR 2,061 thousand).

The Nordex Group has not accepted any obligation for the acquisition of intangible assets as of the balance sheet date.

Movements in other intangible assets are set out in the statement of changes in property, plant and equipment and intangible assets.

#### **(10) Financial assets**

Financial assets break down as follows:

	<b>31.12.2014</b> <b>EUR thousand</b>	<b>31.12.2013</b> <b>EUR thousand</b>
Investments in affiliated non-consolidated companies . . . . .	1,846	4,311
Investments . . . . .	<u>365</u>	<u>370</u>
	<b><u>2,211</u></b>	<b><u>4,681</u></b>

Shares are held in the following affiliated non-consolidated companies:

	<b>31.12.2014</b> <b>EUR thousand</b>	<b>31.12.2013</b> <b>EUR thousand</b>
Project companies . . . . .	1,796	1,755
natcon 7 GmbH . . . . .	25	25
Nordex Windpark Verwaltung GmbH . . . . .	25	25
Qingdao Huawei Wind Power Co. Ltd. . . . .	<u>0</u>	<u>2,506</u>
	<b><u>1,846</u></b>	<b><u>4,311</u></b>

The project entities hold various rights in connection with internally developed wind power projects.

The purpose of natcon 7 GmbH is to develop, structure and market operations management, control and visualisation systems for decentralised energy production equipment including related services.

The purpose of Nordex Windpark Verwaltung GmbH is to acquire and manage investments in trading companies whose purpose is particularly to acquire, develop, install and operate wind farms and to assume personal liability and management responsibility for such entities.

Qingdao Huawei Wind Power Co. Ltd. is responsible for planning, developing, installing and operating a wind power project in China.

Eight project entities were sold and nine established in 2014.

In the year under review, impairments of EUR 2,506 thousand were recognised (2013: EUR 0 thousand).

Investments are held in the following entities:

	31.12.2014 EUR thousand	31.12.2013 EUR thousand
Vent Local S.A.S. ....	201	201
K/S Whitewater Wind Power Invest I, Komplementarselskabet Whitewater Invest I ApS ....	91	91
K/S Whitewater Wind Power Invest VII, Komplementarselskabet Whitewater Invest VII ApS ....	37	37
K/S Whitewater Wind Power Invest VIII, Komplementarselskabet Whitewater Invest VIII ApS ....	31	31
Eoliennes de la Vallée S.A.S. ....	1	1
Parc d’Energie de Conlie P.E.C. S.à r.l. ....	1	1
Sameole Bois du Goulet ....	1	1
Société Éolienne de Roussée-Vassé S.E.R.V. S.à r.l. ....	1	1
Vent d’est S.à r.l. ....	1	1
C&C Wind Sp. z o.o. ....	—	5
	<b>365</b>	<b>370</b>

The purpose of Vent Local S.A.S., K/S Whitewater Wind Power Invest I, Komplementarselskabet Whitewater Invest I APS, K/S Whitewater Wind Power Invest VII, Komplementarselskabet Whitewater Invest VII APS and K/S Whitewater Wind Power Invest VIII, Komplementarselskabet Whitewater Invest VIII APS is to operate wind farms.

The other entities do not engage in any material business activities.

None of the shares are listed in a securities exchange. There was no intention to sell as of 31 December 2014.

Reference should also be made to the list of shareholdings as of 31 December 2014 attached to these notes.

#### **(11) Investments in associates**

Investments in associates break down as follows.

	31.12.2014 EUR thousand	31.12.2013 EUR thousand
KNK Wind GmbH ....	7,157	7,368
C&C Wind Sp. z o.o. ....	5,953	—
Way Wind LLC ....	182	186
Beebe Renewable Energy 2, LLC ....	28	298
GN Renewable Investments S.à r.l. ....	0	0
	<b>13,320</b>	<b>7,852</b>

The purpose of KNK Wind GmbH is to plan, develop, assemble and operate offshore wind power stations, particularly the offshore wind power project Arcadis Ost 1.

C&C Wind Sp. z o.o is responsible for installing and operating a wind farm in Poland.

Way Wind LLC and Beebe Renewable Energy 2, LLC plan, develop and install wind power projects in the United States.

GN Renewable Investments S.à r.l. is responsible for arranging the finance of project entities.



The following table sets out the financial information on the non-listed associates:

	KNK Wind GmbH EUR thousand	C&C Wind Sp. z o.o EUR thousand	Way Wind LLC EUR thousand	Beebe Renewable Energy 2, LLC EUR thousand	GN Renewable Investments S.à r.l. EUR thousand
<b>2014</b>					
Current assets . . . . .	132	8,299	0	0	18,703
Non-current assets . . . . .	12,985	27,241	0	0	170
Current liabilities . . . . .	10,461	15,927	0	0	18,274
Non-current liabilities . . . . .	0	0	0	0	0
Revenues . . . . .	469	0	0	1	746
Profit/loss . . . . .	-533	-537	-11	-61	-65
Share . . . . .	38.89%	40.00%	36.15%	50.00%	30.00%
	KNK Wind GmbH EUR thousand	Way Wind LLC EUR thousand	Beebe Renewable Energy 2, LLC EUR thousand	GN Renewable Investments S.à r.l. EUR thousand	
<b>2013</b>					
Current assets . . . . .	104	11	530	8,087	
Non-current assets . . . . .	7,948	0	0	473	
Current liabilities . . . . .	4,854	0	0	7,781	
Non-current liabilities . . . . .	0	0	0	0	
Revenues . . . . .	0	0	61	5,193	
Profit/loss . . . . .	-1,007	-207	-5	550	
Share . . . . .	38.89%	35.76%	49.13%	30.00%	

This financial information is reconciled with the carrying amount of the investment in question as follows:

	KNK Wind GmbH EUR thousand	C&C Wind Sp. z o.o EUR thousand	Way Wind LLC EUR thousand	Beebe Renewable Energy 2, LLC EUR thousand	GN Renewable Investments S.à r.l. EUR thousand	Total EUR thousand
<b>2014</b>						
Carrying amount on 1 January . . . .	7,368	0	186	298	0	7,852
Investments reclassified as associates . . . . .	0	6	0	0	0	6
Shares acquired . . . . .	0	8,179	0	0	0	8,179
Shares sold . . . . .	0	0	0	-240	0	-240
Proportionate profit/loss (including adjustments for measurement at equity in 2013) . . . . .	-211	-2,232	-4	-30	0	-2,477
Carrying amount on 31 December . . . . .	7,157	5,953	182	28	0	13,320
	KNK Wind GmbH EUR thousand	Way Wind LLC EUR thousand	Beebe Renewable Energy 2, LLC EUR thousand	GN Renewable Investments S.à r.l. EUR thousand	Total EUR thousand	
<b>2013</b>						
Carrying amount on 1 January . . . . .	7,157	211	302	0	7,670	
Investments reclassified as associates . . . . .	0	0	0	3	3	
Additions to share premium . . . . .	600	0	0	0	600	
Shares acquired . . . . .	0	52	11	0	63	
Proportionate profit/loss (including adjustments for measurement at equity in 2012) . . . . .	-389	-69	-2	-3	-463	
Currency translation differences . . . . .	0	-8	-13	0	-21	
Carrying amount on 31 December . . . . .	7,368	186	298	0	7,852	

As there is no active market, it was not possible to reliably determine the fair value.

There are no contingent liabilities in connection with the investments held by the Group in associated companies.

**(12) Other non-current financial assets**

Other non-current financial assets break down as follows:

	31.12.2014 EUR thousand	31.12.2013 EUR thousand
Loans to non-consolidated affiliated companies and investments .....	2,831	3,126
Deposits .....	169	265
Loans .....	131	131
	<b>3,131</b>	<b>3,522</b>

**(13) Other non-current non-financial assets**

Other non-current non-financial assets of EUR 13 thousand (2013: EUR 101 thousand) relate to prepayments for leased vehicles.

**(14) Deferred income tax assets and liabilities**

The deferred income tax assets and liabilities arising in connection with recognition and measurement differences in the following items of the balance sheet as well as the tax losses break down as follows:

	31.12.2014		31.12.2013	
	Deferred income tax assets EUR thousand	Deferred income tax liabilities EUR thousand	Deferred income tax assets EUR thousand	Deferred income tax liabilities EUR thousand
Intangible assets/property, plant and equipment .....	5,825	34,030	4,489	29,985
Receivables from construction contracts .....	0	21,944	0	29,935
Other assets .....	4,396	11,385	3,283	7,746
Used tax losses .....	66,259	0	69,811	0
Provisions .....	9,058	3,185	7,859	0
Other assets and liabilities .....	2,386	3,391	1,378	1,221
<b>Total .....</b>	<b>87,924</b>	<b>73,935</b>	<b>86,820</b>	<b>68,887</b>
Netting .....	-43,091	-43,091	-35,965	-35,965
<b>Amount shown on balance sheet .....</b>	<b>44,833</b>	<b>30,844</b>	<b>50,855</b>	<b>32,922</b>

The deferred income tax assets include non-current deferred income tax assets before netting of EUR 70.1 million (2013: EUR 71.3 million). Of the deferred income tax liabilities, an amount of EUR 39.1 million (2013: EUR 41.7 million) is attributable to the non-current portion of the deferred income tax liabilities before netting.

The Management Board currently assumes that of the existing unused corporate tax losses of EUR 178 million (2013: EUR 197 million) and the unused trade tax losses of EUR 172 million (2013: EUR 196 million), a figure of EUR 178 million (2013: EUR 192 million) and EUR 172 million (2013: EUR 196 million), respectively, should be available for utilisation at the level of Nordex SE. The relevant legislation does not stipulate any maximum period in which tax losses must be utilised in Germany.

Deferred income tax assets of EUR 14 million (2013: EUR 18 million) have been recognised for companies which sustained losses in the period under review as they are likely to be utilised on the basis of tax planning.

The subsidiaries recognise deferred income tax assets for tax losses in the light of the national tax rates and take account of any restrictions in the length of time in which they may be utilised. Deferred income tax assets are calculated on the basis of the medium term forecasts for the tax unit in question.

The non-domestic subsidiaries of the Nordex Group hold the following unused tax losses for which no deferred tax assets have been recognised:

	<u>31.12.2014</u> EUR thousand	<u>31.12.2013</u> EUR thousand
Unused tax losses not recognised		
of which forfeitable in more than 3 years .....	3,109	588
of which forfeitable in more than 5 years .....	84,011	64,004
of which non-forfeitable .....	<u>57,625</u>	<u>40,205</u>
<b>Total .....</b>	<b><u>144,745</u></b>	<b><u>104,797</u></b>

The main unused tax losses not recognised relate to Nordex USA Inc. (EUR 26,077 thousand; 2013: EUR 15,485 thousand), Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd (EUR 24,685 thousand; 2013: EUR 14,150 thousand), Nordex Sverige AB (EUR 18,111 thousand; 2013: EUR 15,728 thousand) and Nordex UK Ltd. (EUR 11,513 thousand; 2013: EUR 11,483 thousand).

The unused tax losses not recognised can be carried forward free of any restrictions in Chile, the United Kingdom, Norway, Sweden and Singapore. The unused tax losses not recognised expire after three years in Honduras, after five years in China, Greece, Turkey, and Uruguay, after seven years in Romania, after nine years in the Netherlands, after ten years in Finland and after twenty years in the United States.

No deferred income tax liabilities are recognised on temporary differences in connection with shares in subsidiaries of EUR 7,571 thousand (2013: EUR 3,199 thousand) as these temporary differences are unlikely to reverse in the foreseeable future.

The changes in deferred income taxes break down as follows:

	<u>2014</u> EUR thousand	<u>2013</u> EUR thousand
Amount on 1 January .....	17,933	26,095
Recognised through profit and loss .....	-9,084	-4,619
Recognised within other comprehensive income .....	4,116	-3,232
Currency translation .....	<u>1,024</u>	<u>-311</u>
<b>Amount on 31 December .....</b>	<b><u>13,989</u></b>	<b><u>17,933</u></b>

#### **(15) Current bank borrowings**

As the syndicated loan was repaid in the year under review, there are no longer any bank borrowings (2013: EUR 8,408 thousand). Further details can be found in the disclosures on financial risk management.

#### **(16) Trade payables**

The settlement periods for trade payables are set out in Note (26).

#### **(17) Income taxes payable**

The income tax liabilities of EUR 3,905 thousand (2013: EUR 179 thousand) chiefly relate to Nordex SE and Nordex Energy GmbH, which are included in the domestic fiscal unity.

#### **(18) Other provisions**

Movements in other provisions break down as follows:

	<u>01.01.2014</u> EUR thousand	<u>Utilised</u> EUR thousand	<u>Reversed</u> EUR thousand	<u>Added</u> EUR thousand	<u>31.12.2014</u> EUR thousand
Individual guarantees .....	26,286	12,065	2,828	8,614	20,007
Warranties, service, maintenance .....	26,279	4,783	1,700	4,643	24,439
Others .....	<u>9,892</u>	<u>2,586</u>	<u>1,338</u>	<u>2,146</u>	<u>8,114</u>
	<b><u>62,457</u></b>	<b><u>19,434</u></b>	<b><u>5,866</u></b>	<b><u>15,403</u></b>	<b><u>52,560</u></b>

The provisions for individual warranties predominantly cover risks arising from possible claims for damages.

The guarantee provisions are utilised in accordance with statutory or contractual periods.

The other provisions chiefly cover the remaining risks in connection with business in China, project risks in Pakistan, litigation costs and the cost of preparing the annual financial statements.

The other provisions comprise other non-current provisions of EUR 21,430 thousand (2013: EUR 17,138 thousand), which are expected to be utilised in periods after the end of 2015. The amount derived from discounting the non-current provisions of EUR 446 thousand (2013: EUR –65 thousand) is reported within the additions.

#### **(19) Other current financial liabilities**

Other current financial liabilities break down as follows:

	<b>31.12.2014</b> <b>EUR thousand</b>	<b>31.12.2013</b> <b>EUR thousand</b>
Outstanding invoices .....	15,880	16,570
Currency forwards .....	5,912	542
Liabilities to non-consolidated affiliated companies .....	2,550	1,532
Debtors with credit balances .....	95	606
Finance leases .....	0	416
Other .....	1,242	992
	<b><u>25,679</u></b>	<b><u>20,658</u></b>

The finance lease was terminated upon the sale of the US production facility on 20 May 2014. A breakdown of the liabilities from finance leases can be found in Note (23).

#### **(20) Other current non-financial liabilities**

Other current non-financial liabilities break down as follows:

	<b>31.12.2014</b> <b>EUR thousand</b>	<b>31.12.2013</b> <b>EUR thousand</b>
Advance payments received .....	321,971	256,795
Accruals .....	31,090	30,461
Prepaid expenses .....	18,283	15,910
Other tax payables .....	17,986	15,149
Liabilities for social security .....	1,049	877
Other .....	673	1,231
	<b><u>391,052</u></b>	<b><u>320,423</u></b>

Accruals primarily comprise personnel liabilities of EUR 15,617 thousand (2013: EUR 15,659 thousand) and trailing project costs of EUR 12,984 thousand (2013: EUR 11,028 thousand).

Deferred income chiefly entails income received in advance under service contracts entered into with customers.

The tax liabilities mainly comprise value added tax of EUR 14,599 thousand (2013: EUR 12,675 thousand) and outstanding payroll and church tax of EUR 2,804 thousand (2013: EUR 2,276 thousand).

#### **(21) Non-current bank borrowings**

In addition to the corporate bond, a syndicated multi-currency guarantee facility and a research and development loan are available for the long-term funding of the Company's activities. The syndicated loan was discharged in 2014. Further details can be found in the disclosures on financial risk management.

#### **(22) Pensions and similar obligations**

Pension provisions are set aside to cover defined benefit obligations towards eligible active and former employees at Nordex SE and Nordex Energy GmbH. The benefits are based on individual commitments generally based on the length of service and remuneration of the employees concerned. The employees are not required to make any contribution of their own. Pension provisions are not externally funded.

They are reported on the face of the balance sheet as follows:

	<b>2014</b> <b>EUR thousand</b>	<b>2013</b> <b>EUR thousand</b>
Settlement obligation on 1 January .....	1,442	1,196
Current service cost .....	103	195
Interest expense .....	34	32
Retirement benefit payments .....	-25	-24
Actuarial losses .....	<u>232</u>	<u>43</u>
	<b><u>1,786</u></b>	<b><u>1,442</u></b>

The obligations as of 31 December equal those reported on the face of the balance sheet.

The following amounts were reported in the income statement:

	<b>2014</b> <b>EUR thousand</b>	<b>2013</b> <b>EUR thousand</b>
Current service cost .....	103	195
Interest expense .....	<u>34</u>	<u>32</u>
	<b><u>137</u></b>	<b><u>227</u></b>

Other comprehensive income breaks down as follows:

	<b>2014</b> <b>EUR thousand</b>	<b>2013</b> <b>EUR thousand</b>
Actuarial losses .....	232	43
Amortisation of actuarial losses 2012 .....	<u>0</u>	<u>17</u>
	<b><u>232</u></b>	<b><u>60</u></b>

The amortisation of actuarial losses of EUR 17 thousand in 2012 required in 2013 in accordance with IAS 19 (revised 2011) was included chiefly for materiality reasons in the previous year.

Changes in obligations and adjustments based on historical experience are set out in the following table:

	<b>2014</b> <b>EUR thousand</b>	<b>2013</b> <b>EUR thousand</b>
Obligations as of 31 December .....	1,786	1,442
Adjustments to obligations based on historical experience .....	14	31

Annual pension payments of EUR 48 thousand (2013: EUR 25 thousand) are expected for future years.

The principal actuarial assumptions used are as follows:

	<b>2014</b>	<b>2013</b>
Interest rate .....	1,92% p.a.	3,40% p.a.
Wage and salary trend .....	n/a	n/a
Pension trend .....	2,00% p.a.	2,00% p.a.

The obligations are assumed to have a duration of between 13 and 16 years.

The statistical probability data set out in the Prof. Dr. Heubeck 2005 G mortality tables was used as the biometric basis for calculations.

### **(23) Other non-current financial liabilities**

Other non-current financial liabilities break down as follows:

	<b>31.12.2014</b> <b>EUR thousand</b>	<b>31.12.2013</b> <b>EUR thousand</b>
Bond .....	156,189	155,645
Currency forwards .....	582	654
Finance leases .....	0	11,301
Other .....	0	14
	<b><u>156,771</u></b>	<b><u>167,614</u></b>

The finance lease was terminated upon the sale of the US production facility on 20 May 2014. Liabilities from finance leases in the previous year break down as follows:

	<b>Less than 1 year</b> <b>EUR thousand</b>	<b>1 to 5 years</b> <b>EUR thousand</b>	<b>More than 5 years</b> <b>EUR thousand</b>	<b>Total</b> <b>EUR thousand</b>
<b>Lease payments in future years – 31.12.2013</b>				
Lease and remaining payments .....	994	4,764	10,735	16,493
Discount amounts .....	578	2,158	2,040	4,776
<b>Present values</b> .....	<b><u>416</u></b>	<b><u>2,606</u></b>	<b><u>8,695</u></b>	<b><u>11,717</u></b>

#### *Corporate bond*

Issued on 12 April 2011, the bond is valued at EUR 150,000 thousand and has a fixed coupon of 6.375% p.a. and a tenor of five years.

The initial issue price stood at 99.841%. The coupon is due annually on 12 April.

### **(24) Other non-current non-financial liabilities**

Other non-current non-financial liabilities break down as follows:

	<b>31.12.2014</b> <b>EUR thousand</b>	<b>31.12.2013</b> <b>EUR thousand</b>
Accruals .....	1,940	0
Prepaid expenses .....	1,835	1,927
Other .....	0	28
	<b><u>3,775</u></b>	<b><u>1,955</u></b>

Accruals relate to trailing project costs.

Deferred income entails income received in advance under service contracts entered into with customers.

### **(25) Equity capital**

	<b>31.12.2014</b> <b>EUR thousand</b>	<b>31.12.2013</b> <b>EUR thousand</b>
Subscribed capital .....	80,882	80,882
Share premium .....	242,624	244,288
Other retained earnings .....	-7,951	-10,920
Cash flow hedges .....	-2,901	6,163
Foreign-currency adjustment item .....	1,762	3,344
Consolidated net profit carried forward .....	81,583	45,778
Consolidated net profit .....	0	0
Equity attributable to the parent company's equity holders .....	<b><u>395,999</u></b>	<b><u>368,135</u></b>
	<b><u>395,999</u></b>	<b><u>368,135</u></b>

As of 31 December 2014, the Company had Authorised Capital I of EUR 16,100,000 (2013: EUR 7,347,052), equivalent to 16,100,000 shares (2013: 7,347,052), Contingent Capital I of EUR 15,086,250 (2013:

EUR 15,086,250), equivalent to 15,086,250 shares (2013: 15,086,250) and Contingent Capital II of EUR 1,500,000 (2013: EUR 1,500,000), equivalent to 1,500,000 shares (2013: 1,500,000), each with a notional value of EUR 1 per share.

In accordance with a resolution passed at the annual general meeting on 3 June 2014 the Management Board is authorised subject to the Supervisory Board's approval to utilise Authorised Capital I to increase the Company's share capital once or repeatedly on or before 31 May 2019. The Management Board is additionally authorised with the Supervisory Board's approval to exclude the shareholders' subscription rights.

Contingent Capital I is used to grant conversion rights and/or to establish conversion obligations in accordance with the terms of the convertible bond in question for the holders of the convertible bonds issued by the Company on or before 30 April 2016 in accordance with the resolution passed by the shareholders at the annual general meeting held on 7 June 2011 and to grant options in accordance with the terms of the option bond in question for holders of the option bonds issued by the Company on or before 31 May 2016 in accordance with the resolution passed by the shareholders at the annual general meeting held on 7 June 2011.

Contingent Capital II is used solely to settle subscription rights under the stock options granted to executives and employees of the Company and the domestic and non-domestic members of the Nordex Group, members of the management of the Nordex Group companies and members of the Company's Management Board granted on or before 31 December 2012 in accordance with the authorisation granted by the shareholders at the annual general meeting on 27 May 2008.

The share premium of EUR 242,624 thousand (2013: EUR 244,288 thousand) includes the premium on the issues of new share capital of EUR 112,404 thousand (2013: EUR 112,404 thousand) and allocations of EUR 264 thousand (2013: EUR 79 thousand), which are not reduced by any reversals (2013: EUR 0 thousand) and which were added in connection with the recognition of the employee stock option programme concluded in 2008 (see also Note 31).

Nordex SE's net profit for 2014 determined in accordance with German GAAP in a total amount of EUR 3,201,014.98 was allocated in full to retained earnings in accordance with Article 24 of Nordex SE's Articles of Incorporation. In 2013, the net loss determined in accordance with German GAAP of a total of EUR 1,401,269.68 had been covered by a withdrawal of the same amount from the share premium.

Further details of the changes in the individual equity items can be found in the consolidated statement of changes in equity.

#### ***(26) Additional disclosures on financial instruments***

Nordex categorises its financial assets as loans and receivables (LaR), financial assets held for trading (FAHfT) and available for sale (AfS) Financial liabilities are classified as financial liabilities at amortised cost (FLAC) or as financial liabilities held for trading (FLHfT).



The following table sets out the carrying amounts and fair values of the individual financial assets and liabilities for each financial instrument category:

		31.12.2014		31.12.2013	
	Category in accordance with IAS 39	Amortised cost EUR thousand	Fair value EUR thousand	Amortised cost EUR thousand	Fair value EUR thousand
<b>Financial assets</b>					
Financial assets recognised at historical or amortised cost					
1.	Cash and cash equivalents . . . . .	LaR	313,420	313,420	332,963
2.	Fixed-term deposits . . . . .	LaR	75,000	75,000	0
3.	Trade receivables payables . . . . .	LaR	58,798	58,798	61,741
4.	Receivables from construction contracts . . . . .	LaR	126,663	126,663	152,287
5.	Other current financial assets – receivables . . . . .	LaR	25,946	25,946	22,250
6.	Financial assets – investments <sup>1</sup> . . . . .	AfS	2,211	—	4,681
7.	Other non-current financial assets – receivables . . .	LaR	3,131	3,131	3,522
Financial assets at fair value through profit and loss					
1.	Other current financial assets – currency forwards . . . . .	FAHfT	0	0	1,343
Effective hedges measured at fair value					
1.	Other current financial assets – currency forwards . . . . .		1,567	1,567	9,851

1 As there is no active market, it was not possible to reliably determine the fair value.

		31.12.2014		31.12.2013	
	Category in accordance with IAS 39	Amortised cost EUR thousand	Fair value EUR thousand	Amortised cost EUR thousand	Fair value EUR thousand
<b>Financial liabilities</b>					
Financial liabilities recognised at historical cost or amortised cost					
1. Current bank borrowings . . . . .	FLAC	0	0	8,408	8,408
2. Trade payables . . . . .	FLAC	177,479	177,479	190,250	190,250
3. Other current financial liabilities <sup>1</sup> . . . . .	FLAC	19,767	19,767	19,700	19,700
4. Non-current bank borrowings . . . . .	FLAC	0	0	16,916	16,916
5. Other non-current financial liabilities <sup>2</sup> . . . . .	FLAC	156,189	163,521	155,659	177,064
Financial liabilities at fair value through profit and loss					
1. Other current financial liabilities – currency forwards . . . . .	FLHfT	685	685	24	24
Effective hedges measured at fair value					
1. Other current financial liabilities – currency forwards . . . . .		5,227	5,227	518	518
2. Other non-current financial liabilities – currency forwards . . . . .		582	582	654	654

1 Excluding current liabilities from finance leases of EUR 0 thousand (2013: EUR 416 thousand).

2 Excluding non-current liabilities from finance leases of EUR 0 thousand (2013: EUR 11,301 thousand).

Cash and cash equivalents, fixed-term deposits, trade receivables and other current financial assets have short settlement periods. The carrying amounts on 31 December 2014 therefore come close to equalling the fair values.

The carrying amount of the non-current financial assets matches their fair value on account of the discount taken.

Derivative financial instruments are measured at their fair value. The forward prices of currency forwards are calculated on the basis of the spot price on the reporting date in the light of any discounts or premiums for the remaining term of the contract.

Trade payables and other financial liabilities have short settlement periods. The carrying amounts correspond to their fair values. The fair value of the bond equals its market price of 104.5% (2013: 106.3%) as of the reporting date.

The following table analyses the financial assets and liabilities, which were measured at their fair value on 31 December 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Financial assets at fair value through profit and loss</b>				
Currency forwards (held for trading) .....		0		0
<b>Financial assets (derivatives) measured at fair value in hedge accounting</b>				
Currency forwards (Cash flow hedge) .....		1,567		1,567
<b>Financial liabilities at fair value through profit and loss</b>				
Currency forwards (held for trading) .....		685		685
<b>Financial liabilities (derivatives) measured at fair value in hedge accounting</b>				
Currency forwards (Cash flow hedge) .....		5,809		5,809

The following table analyses the financial assets and liabilities, which were measured at their fair value on 31 December 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Financial assets at fair value through profit and loss</b>				
Currency forwards (held for trading) .....		1,343		1,343
<b>Derivatives measured at fair value in hedge accounting</b>				
Currency forwards (Cash flow hedge) .....		9,851		8,688
<b>Financial liabilities at fair value through profit and loss</b>				
Currency forwards (held for trading) .....		24		24
<b>Derivatives measured at fair value in hedge accounting</b>				
Currency forwards (Cash flow hedge) .....		1,172		971

Assets and liabilities whose fair value is derived from the market values in active markets are assigned to Level 1. A market is assumed to be active if market values are calculated regularly and are based on actual recurring transactions.

Fair values which cannot be determined by reference to active markets are derived from measurement models, which primarily take account of observable market data and generally do not include specific company estimates. These financial instruments are assigned to Level 2.

If material assumptions underlying the measurement are not based on observable market data, the financial instruments concerned are classified as Level 3.

There were no reclassifications either compared with the previous year or during the year under review.

Net gains and losses from financial instruments break down by category as follows:

<u>2014</u>	<u>Interest EUR thousand</u>	<u>Other net gain/ loss EUR thousand</u>	<u>Total EUR thousand</u>
Loans and receivables (LaR) .....	2,429	6,569	8,998
Available for sale (AfS) .....	0	0	0
Financial liabilities at amortised cost (FLAC) .....	-20,458	1,848	-18,610
Financial assets held for trading (FAHfT)/Financial liabilities held for trading (FLHfT) .....	0	-2,921	-2,921
	<u>-18,029</u>	<u>5,496</u>	<u>-12,533</u>
<u>2013</u>	<u>Interest EUR thousand</u>	<u>Other net gain/ loss EUR thousand</u>	<u>Total EUR thousand</u>
Loans and receivables (LaR) .....	1,847	472	2,319
Available for sale (AfS) .....	0	0	0
Financial liabilities at amortised cost (FLAC) .....	-27,769	-8,680	-36,449
Financial assets held for trading (FAHfT)/Financial liabilities held for trading (FLHfT) .....	0	529	529
	<u>-25,922</u>	<u>-7,679</u>	<u>-33,601</u>

## Categorisation of financial instruments in accordance with IFRS 7

### Financial assets

<b>31.12.2014</b>	<b>Financial assets at amortised cost EUR thousand</b>	<b>Financial assets at fair value EUR thousand</b>	<b>Financial assets outside the scope of IFRS 7 EUR thousand</b>	<b>Total EUR thousand</b>
Cash and cash equivalents . . . . .	313,420	0	0	313,420
Fixed-term deposits . . . . .	75,000	0	0	75,000
Trade receivables . . . . .	58,798	0	0	58,798
Receivables from construction contracts . . . . .	126,663	0	0	126,663
Other current financial assets . . . . .	25,946	1,567	0	27,513
Financial assets . . . . .	2,211	0	0	2,211
Investments in associates . . . . .	0	0	13,320	13,320
Other non-current financial assets . . . . .	3,131	0	0	3,131
	<b>605,169</b>	<b>1,567</b>	<b>13,320</b>	<b>620,056</b>

<b>31.12.2013</b>	<b>Financial assets at amortised cost EUR thousand</b>	<b>Financial assets at fair value EUR thousand</b>	<b>Financial assets outside the scope of IFRS 7 EUR thousand</b>	<b>Total EUR thousand</b>
Cash and cash equivalents . . . . .	332.963	0	0	332.963
Fixed-term deposits . . . . .	0	0	0	0
Trade receivables . . . . .	61.741	0	0	61.741
Receivables from construction contracts . . . . .	152.287	0	0	152.287
Other current financial assets . . . . .	22.250	11.194	0	33.444
Financial assets . . . . .	4.681	0	0	4.681
Investments in associates . . . . .	0	0	7.852	7.852
Other non-current financial assets . . . . .	3.522	0	0	3.522
	<b>577.444</b>	<b>11.194</b>	<b>7.852</b>	<b>596.490</b>

### Financial liabilities

<b>31.12.2014</b>	<b>Financial liabilities at amortised cost EUR thousand</b>	<b>Financial liabilities at fair value EUR thousand</b>	<b>Financial liabilities outside the scope of IFRS 7 EUR thousand</b>	<b>Total EUR thousand</b>
Current bank borrowings . . . . .	0	0	0	0
Trade payables . . . . .	177,479	0	0	177,479
Other current financial liabilities . . . . .	19,767	5,912	0	25,679
Non-current bank borrowings . . . . .	0	0	0	0
Pensions and similar obligations . . . . .	0	0	1,786	1,786
Other non-current financial liabilities . . . . .	156,189	582	0	156,771
	<b>353,435</b>	<b>6,494</b>	<b>1,786</b>	<b>361,715</b>

<b>31.12.2013</b>	<b>Financial liabilities at amortised cost EUR thousand</b>	<b>Financial liabilities at fair value EUR thousand</b>	<b>Financial liabilities outside the scope of IFRS 7 EUR thousand</b>	<b>Total EUR thousand</b>
Current bank borrowings . . . . .	8,408	0	0	8,408
Trade payables . . . . .	190,250	0	0	190,250
Other current financial liabilities <sup>1</sup> . . . . .	20,116	542	0	20,658
Non-current bank borrowings . . . . .	16,916	0	0	16,916
Pensions and similar obligations . . . . .	0	0	1,442	1,442
Other non-current financial liabilities <sup>1</sup> . . . . .	166,960	654	0	167,614
	<b>402,650</b>	<b>1,196</b>	<b>1,442</b>	<b>405,288</b>

1 Including liabilities from finance leases.

### ***Hedge accounting***

The Group uses currency forwards to hedge future cash flows which are very likely to occur against exchange rate risks. The budget or plans for individual customer project are used for this purpose.

These transactions were recorded as cash flow hedges under hedge accounting in the year under review provided that they satisfied the stringent criteria defined in IAS 39 Financial Instruments: Recognition and Measurement. The effective part of the profit or loss from the hedges is reported directly within equity and recycled to profit and loss in the period in which the hedged item is settled and reported through profit and loss or if a hedged future cash flow does not arise.

The following table reconciles the cash flow hedge reserve.

	31.12.2014 EUR thousand	31.12.2013 EUR thousand
Amount on 1 January .....	6,163	-1,419
Added .....	-8,439	9,455
Reversed .....	-4,632	1,376
Deferred income taxes .....	4,007	-3,249
<b>Amount on 31 December .....</b>	<b>-2,901</b>	<b>6,163</b>

In the year under review, the cumulative gains and losses previously included within other comprehensive income arising from hedges terminated due to inefficiency were recycled to profit and loss on the dates on which the hedged item was settled.

As of 31 December 2014 there were hedges coming within the definition of IAS 39 with a term of up to two years (2013: three years). The hedged cash flows from future transactions are expected to be recognised in profit and loss within a period of three years (2013: three years).

The fair value of the financial instruments designated as hedges is set out in the following table:

	31.12.2014		31.12.2013	
	EUR thousand Receivables	EUR thousand Liabilities	EUR thousand Receivables	EUR thousand Liabilities
<b>Cash flow hedges</b>				
Currency forwards .....	1,567	5,809	9,851	1,172
	<b>1,567</b>	<b>5,809</b>	<b>9,851</b>	<b>1,172</b>

### **Notes on the income statement**

#### ***(27) Sales***

Sales break down by region as follows:

	2014 EUR thousand	2013 EUR thousand
Europe .....	1,461,618	1,306,284
America .....	200,719	81,690
Asia .....	72,194	41,302
	<b>1,734,531</b>	<b>1,429,276</b>

Of this item, sales of EUR 1,235,063 thousand (2013: EUR 872,791 thousand) arose from the application of the percentage-of-completion method for construction contracts.

Sales break down by category as follows:

	2014 EUR thousand	2013 EUR thousand
Sales of new wind power systems .....	1,557,278	1,278,214
Service .....	166,354	145,245
Other .....	10,899	5,817
	<b>1,734,531</b>	<b>1,429,276</b>

**(28) Changes in inventories and other own work capitalised**

Own work capitalised is valued at EUR 28,121 thousand (2013: EUR 36,616 thousand) and, as in the previous year, relates in full to expenses for developing and enhancing new and existing wind turbines.

Changes in inventories equal EUR –23,187 thousand (2013: EUR 36,392 thousand).

**(29) Other operating income**

Other operating income breaks down as follows:

	2014 EUR thousand	2013 EUR thousand
Currency translation gains	9,139	0
Gains from the disposal of assets	6,787	35
Reversal of impairment losses	893	2,735
Derecognition of liabilities	153	289
Currency forwards	0	529
Others	5,699	3,244
	<u>22,671</u>	<u>6,832</u>

Gains from disposals of property, plant and equipment chiefly relate to the sale of the production facilities in the United States.

**(30) Cost of materials**

The cost of materials breaks down as follows:

	2014 EUR thousand	2013 EUR thousand
Cost of raw materials and supply materials	1,027,440	888,738
Cost of services bought	315,267	262,328
	<u>1,342,707</u>	<u>1,151,066</u>

The cost of services bought results from external freight services, changes in order provisions, commission and externally sourced order-handling services.

**(31) Personnel costs**

	2014 EUR thousand	2013 EUR thousand
Wages and salaries	141,394	130,229
Social security and expenditure on retirement benefits and support	26,334	23,008
	<u>167,728</u>	<u>153,237</u>

Personnel costs include expense of EUR 127 thousand for defined contribution plans and EUR 103 thousand for defined benefit plans.

The Group headcount was as follows:

	2014	2013	Change
<b>Balance sheet date</b>			
Office staff	1,614	1,473	141
Technical staff	1,305	1,119	186
	<u>2,919</u>	<u>2,592</u>	<u>327</u>
<b>Average</b>			
Office staff	1,566	1,466	100
Technical staff	1,234	1,077	157
	<u>2,800</u>	<u>2,543</u>	<u>257</u>

### *Stock option plan*

#### Maximum number of options granted

This option plan expired on 31 December 2012. Under the terms of the option plan, a maximum of 1,500,000 options were to be granted during the option period. Of these options

- (a) a maximum of 550,000 were for members of management and employees of the Company and domestic and non-domestic Nordex Group companies who are not members of a management body of the Company or the Nordex Group companies,
- (b) a maximum of 100,000 were for members of management of domestic and non-domestic Nordex Group companies who are not members of the Company's Management Board, and
- (c) a maximum of 850,000 were for members of the Company's Management Board

#### Vesting conditions

Subject to an adjustment as a result of a capital measure, one option entitles the holder to acquire one bearer share issued by Nordex SE. When the option is exercised, an exercise price per share is paid.

The exercise price equals the arithmetic mean of the XETRA closing prices over the ten trading days preceding the date on which the subscription right is allocated as quoted on the Frankfurt stock exchange (or any replacement system comparable in terms of its function) for voting-entitled ordinary voting shares with full participation in the Company's profit and assets.

The options vest no earlier than three years upon being granted and are forfeited if the employment contract expires within this period. The options may only be exercised during two windows per year ("exercise period") in the following two years.

The options may only be exercised if the price of Nordex ordinary shares on the ten trading days preceding the date on which the option is exercised exceeds the exercise price of the option in question by at least 20%.

#### *Calculation of the fair value of stock options*

As of 31 December 2014, a total of 75,000 stock options (2013: 229,695) were outstanding; of these none (2013: 154,695) had vested:

<b>Stock options granted</b>	<b>Exercise price EUR</b>	<b>Average stock price EUR</b>	<b>Issue date</b>	<b>Expiry date</b>	<b>Outstanding stock options End of 2014</b>	<b>Outstanding stock options End of 2013</b>
2008 .....	23.10	16.52	01.09.2008	31.08.2013	0	0
2009 .....	12.84	11.77	01.09.2009	31.08.2014	0	104,695
2010 .....	5.26	5.01	25.11.2010	24.11.2015	0	50,000
2012 .....	3.12	3.52	01.06.2012	31.05.2017	75,000	75,000
<b>Total</b> .....					<b>75,000</b>	<b>229,695</b>

<b>Stock options granted</b>	<b>Exercise price EUR</b>	<b>Average stock price EUR</b>	<b>Issue date</b>	<b>Expiry date</b>	<b>Outstanding stock options End of 2013</b>	<b>Outstanding stock options End of 2012</b>
2008 .....	23.10	16.52	01.09.2008	31.08.2013	0	211,610
2009 .....	12.84	11.77	01.09.2009	31.08.2014	104,695	120,733
2010 .....	5.26	5.01	25.11.2010	24.11.2015	50,000	50,000
2012 .....	3.12	3.52	01.06.2012	31.05.2017	75,000	75,000
<b>Total</b> .....					<b>229,695</b>	<b>457,343</b>

In 2014, 104,695 of the stock options granted in 2009 were forfeited. The stock options granted in 2010 were exercised in full in 2014.

The expense thus calculated in the period under review came to EUR 41 thousand for the 2012 tranche (2013: EUR 41 thousand). The exercise period for the 2010 tranche had already been reached in 2013.

### **(32) Depreciation/amortisation**

Depreciation/amortisation breaks down as follows:

	2014 EUR thousand	2013 EUR thousand
Depreciation of property, plant and equipment	22,894	18,126
Amortisation of capitalised development costs	18,490	19,048
Amortisation of other intangible assets	1,640	2,061
	<b>43,024</b>	<b>39,235</b>

### **(33) Other operating expenses**

Other operating expenses break down as follows:

	2014 EUR thousand	2013 EUR thousand
Rental and lease expenses	19,826	16,844
Travel expenses	16,741	15,565
Other leased personnel services	13,769	6,809
Legal and consulting costs	11,277	10,407
External services	9,756	6,946
Maintenance	9,660	6,562
IT costs	8,039	6,120
Settlements	5,224	1,119
Training	3,313	2,011
Currency forwards	2,921	0
Insurance	2,906	3,082
Advertising	2,398	2,785
Telecommunications	2,290	2,126
Other taxes	2,220	1,361
Loss of revenues	2,166	8,592
Impairments of receivables	1,446	2,016
Losses from the disposal of assets	764	1,688
Bank fees	318	510
Exchange rate losses	0	8,928
Others	15,618	17,775
	<b>130,652</b>	<b>121,246</b>

### **(34) Net finance income/expense**

	2014 EUR thousand	2013 EUR thousand
Income from investments	330	254
Net profit/loss from at-equity valuation	-2,477	-463
Depreciation of financial assets	-2,506	0
<b>Share of profit/loss of associates</b>	<b>-4,653</b>	<b>-209</b>
Other interest and similar income	2,429	1,847
Interest and similar expenses	-20,458	-27,769
<b>Net borrowing costs</b>	<b>-18,029</b>	<b>-25,922</b>
	<b>-22,682</b>	<b>-26,131</b>

Income from investments comprises dividend payouts. Net profit/loss from valuation using the equity method constitutes the share of profit of associates except where it gives rise to negative carrying amounts. Depreciation of financial assets results from the impairment recognised on the share in Qingdao Huawei Wind Power Co. Ltd. Interest income and expense arises solely from deposits with banks and the utilisation of cash credit facilities or bank loans, respectively, and from guarantee commissions and deferred interest on the corporate bond.



### (35) Income taxes

Income taxes break down as follows:

	2014 EUR thousand	2013 EUR thousand
Domestic income taxes	-3,430	-352
Non-domestic income taxes	-3,823	-2,967
<b>Actual income tax expense</b>	<b>-7,253</b>	<b>-3,319</b>
<b>Deferred income tax liabilities</b>	<b>-9,084</b>	<b>-4,619</b>
<b>Total income tax expense</b>	<b>-16,337</b>	<b>-7,938</b>
of which deferred income taxes for other periods	-3,043	-3,032
of which actual income taxes for other periods	396	-83

Income taxes include the income taxes (paid or owed) in the individual countries as well as deferred income taxes. Deferred income taxes were measured on the basis of the tax rates applicable or expected to be applicable in the individual countries on the date on which they are realised.

As of 31 December 2014, a tax rate of 32.01% (2013: 31.79%) was applied for the purpose of calculating the domestic deferred income taxes. Deferred income tax assets for domestic unused tax losses were calculated using a tax rate of 15.83% (2013: 15.83%) including the solidarity surcharge in the case of corporate tax and 16.18% (2013: 15.96%) in the case of trade tax. The change in the trade tax rate is due to a difference in the split in trade income compared with the previous year.

The taxes on pre-tax profit differ from the theoretical amount derived from applying the Group tax rate of 32.01% (2013: 31.79%) to pre-tax profit as follows:

	2014 EUR thousand	2013 EUR thousand
<b>Net profit/loss before tax</b>	<b>55,343</b>	<b>18,201</b>
Expected tax expense	-17,715	-5,786
Differences in non-domestic tax rates	-5,293	-2,583
Tax-free income	160	3,123
Shares in associates carried at equity	-793	-528
Changes in tax rates and tax legislation	301	-1,187
Non-deductible expenses	-2,121	-4,172
Tax effects from previous years	3,043	3,032
Effects of inclusion of unused tax losses arising in earlier years	1,122	12,870
Changes from impairments/ effects of non-inclusion of unused tax losses	4,581	-13,727
Other tax effects	378	1,020
<b>Actual income tax expense</b>	<b>-16,337</b>	<b>-7,938</b>

### (36) Earnings per share

#### Basic

Basic earnings per share are calculated by dividing profit or loss attributable to the ordinary equity holders by the average number of ordinary shares outstanding during the year:

		2014	2013
Consolidated net profit for the year	EUR thousand	39,006	10,263
of which parent company equity holders	EUR thousand	39,006	10,243
of which non-controlling interests	EUR thousand	0	20
Weighted average number of shares		80,882,447	74,196,112
<b>Earnings/loss per share</b>	<b>EUR</b>	<b>0.48</b>	<b>0.14</b>

#### Diluted

Diluted earnings/loss per share are calculated by adding all conversion rights and options to the average number of ordinary shares outstanding. Diluted earnings per share also stand at EUR 0.48.

## Other financial obligations and contingent liabilities

Contractual obligations of EUR 3,485 thousand (2013: EUR 144 thousand) apply with respect to capital spending on property, plant and equipment for obligations which have not yet been settled.

Other financial obligations relate to operating lease and rental obligations of EUR 39,258 thousand (2013: EUR 39,389 thousand) with the following settlement periods:

Year	Due for settlement in less than 1 year EUR thousand	Due for settlement in 1 to 5 years EUR thousand	Due for settlement in more than 5 years EUR thousand
31.12.2014 .....	9,282	14,080	15,896
31.12.2013 .....	6,507	15,197	17,685

Obligations under rental contracts and operating leases relate to equipment and machinery of EUR 4,548 thousand (2013: EUR 4,356 thousand) and real estate assets of EUR 34,710 thousand (2013: EUR 35,033 million).

The Nordex Group has contingent liabilities arising from pending litigation in connection with its operating business; as the probability of an outflow of resources as of the reporting date was not sufficiently determinable, no provisions were set aside in this connection.

## Related parties disclosures

Jan Klatten, a member of Nordex SE's Supervisory Board holds a 40% share of the Polish wind farm company C&C Wind Sp. z o.o. via momentum infra 1 GmbH; the Nordex Group also holds a 40% share in this company via Nordex Windpark Beteiligung GmbH. The majority of the shares in momentum infra 1 GmbH, of which Mr. Klatten is also managing director, are held by momentum-capital Verwaltungsgesellschaft mbH. The share was acquired by momentum infra 1 GmbH in a market-wide tender process, in which it was the most successful bidder. Accordingly, a potential conflict of interests can be ruled out. As in the previous year, there were no business transactions with Mr. Klatten or momentum infra 1 GmbH.

In addition, the Nordex Group holds a 75% interest in natcon 7 GmbH via Nordex SE. Accordingly, natcon 7 GmbH is a non-consolidated affiliated company. The purpose of natcon 7 GmbH is to develop, structure and market operations management, control and visualisation systems for decentralised energy production equipment including related services. The transactions executed are set out in the following table.

Related parties	Amount concerned 01.01.–31.12.2014 EUR thousand	Amount concerned 01.01.–31.12.2013 EUR thousand	Outstanding balances Receivables (+)/ liabilities (–) 31.12.2014 EUR thousand	Outstanding balances Receivables (+)/ liabilities (–) 31.12.2013 EUR thousand
natcon7 GmbH .....	7,881	4,811	–2,325	–970

Other than this, there were not material transactions with related parties.

## Consolidated cash flow statement

The consolidated cash flow statement analyses changes in the cash flow in the course of the year as a result of cash inflows and outflows. In accordance with IAS 7, cash flows are broken down into those from operating activities, those from investing activities and those from financing activities. The cash and cash equivalents reported in the consolidated cash flow statement include cash in hand and short-term bank deposits. Cash in hand and bank deposits are due for settlement in less than three months. Fixed-term deposits with an original maturity of more than three months are not included. The changes in the items of the balance sheet used for determining changes in the cash flow statement cannot be directly derived from the balance sheet as currency translation effects, changes to the companies consolidated and non-cash transactions are eliminated.

Cash flow from operating activities is calculated using the indirect method, i.e. earnings after tax are not adjusted for cash expenses and income. After allowing for changes in working capital and additional receivables and liabilities as well as deferred income taxes, the net cash inflow from operating activities comes to EUR 160,290 thousand (2013: EUR 98,089 thousand) This is chiefly due to the reduction in working capital of EUR 70,997 thousand (2013: EUR 60,575 thousand) and the consolidated net profit including depreciation/ amortisation of EUR 84,536 thousand (2013: EUR 49,498 thousand).

Net cash outflow from investing activities decreased in the year under review to EUR 71,590 thousand (2013: EUR 74,277 thousand). Development projects of EUR 30,694 thousand (2013: EUR 35,875 thousand) were capitalised. Spending on property, plant and equipment of EUR 44,287 thousand (2013: EUR 34,267 thousand) chiefly comprises rotor blade production and extensions to the production facility in Rostock.

The net cash outflow from financing activities stands at EUR 113,279 thousand (2013: net cash inflow of EUR 44,094 thousand) and relates to the repayment of bank loans and the termination of a finance lease.

### **Events after the reporting date**

Any events occurring after the balance sheet date caused by economic factors arising prior to 31 December 2014 are included in the consolidated financial statements as of December 31, 2014.

### **Corporate Governance Code declaration pursuant to Section 161 of the German Stock Corporation Act**

The Management Board and the Supervisory Board issued the declaration of conformance for 2014 pursuant to Section 161 of the Stock Corporation Act on 19 March 2015 and made it available for examination by the shareholders on the Internet at [www.nordex-online.com/en/investor-relations/corporate-governance.html](http://www.nordex-online.com/en/investor-relations/corporate-governance.html).

### **Utilisation of relief provisions**

Nordex Energy GmbH, Hamburg, Nordex Grundstücksverwaltung GmbH, Hamburg, and Nordex Windpark Beteiligung GmbH, Hamburg, are exempt from disclosure duties in accordance with Section 325 of the German Commercial Code due to the application of the provisions contained in Section 264 (3) of the German Commercial Code.

### **Nordex SE Management Board and Supervisory Board**

#### ***Supervisory Board***

During 2014 and as of the date on which the financial statements for 2014 were prepared, the Supervisory Board comprised the following members:

#### ***Dr. Wolfgang Ziebart, Starnberg***

Chairman of the Supervisory Board, chairman of the management committee and member of the strategy and engineering committee

- Group engineering director of Jaguar Land Rover Automotive PLC, United Kingdom
- Former chairman of the management board of Infineon AG
- Former member of the management board of BMW AG
- Former member of the management board of Continental AG
- Member of the supervisory board of ASML Holding N.V., Netherlands

#### ***Jan Klatten, Munich***

Deputy chairman of the Supervisory Board, member of the management committee, chairman of the strategy and engineering committee

- Managing shareholder of momentum Beteiligungsgesellschaft mbH
- Chairman of the supervisory board of asturia Automotive AG

#### ***Dr. Heinz van Deelen, Munich***

Member of the audit committee (until 9 January 2015) and member of the strategy and engineering committee (from 9 January 2015)

- Chairman of the management board of Consline AG

*Frank Lutz, Munich*

Member of the audit committee (from 9 January 2015)

- Member of the management board of Bayer MaterialScience AG

*Dr. Dieter G. Maier, Reutlingen*

Member of the strategy and engineering committee (until 31 December 2014)

- Managing director of MABET Beteiligungen GmbH
- Chairman of the management of UKM Fahrzeugteile GmbH
- Chairman of the advisory board of Richard Bergner Holding GmbH

*Martin Rey, Traunstein*

Member of the management committee, chairman of the audit committee

- Attorney at law and managing shareholder of maroban GmbH
- Member of the board of BayWa r.e. USA LLC, United States
- Member of the board of Knight Infrastructure B.V., Netherlands

*Annette Stieve, Wennigsen*

Member of the audit committee

- Member of the management of Faurecia Automotive GmbH, chief financial officer North East Europe of Faurecia Group

### ***Management Board***

*Dr. Jürgen Zeschky, Hamburg*

Chief Executive Officer

*Lars Bondo Krogsgaard, Hamburg*

Chief Customer Officer

*Ulric Bernard Schäferbarthold, Hamburg*

Chief Financial Officer

The members of the Supervisory Board and the Management Board held the following shares in the Company as of 31 December 2014:

<u>Name</u>	<u>Position</u>	<u>Shares</u>
Dr. Wolfgang Ziebart .....	Supervisory Board	10,000 held directly
Jan Klatten .....	Supervisory Board	18,482,000 via a share in momentum-capital Vermögensverwaltungsgesellschaft mbH and Ventus Venture Fund GmbH & Co. Beteiligungs KG

75,000 Nordex SE stock options have been granted to members of the Management Board.

### **Remuneration report**

#### ***Management Board***

In accordance with the provisions of the German Stock Corporation Act and the recommendations of the German Corporate Governance Code, the Supervisory Board decides on the amount and structure of remuneration and the

remuneration system for the Management Board and performs regular reviews. In determining the remuneration, the Supervisory Board is guided by the size and complexity of Nordex SE, its economic and financial position and the amount and structure of the Management Board remuneration system of comparable companies as well as internal salary structures. Further criteria include the duties and performance of the individual members of the Management Board.

The remuneration report describes the principles of the remuneration system for the members of the Management Board and the Supervisory Board as well as the individual amounts paid. The disclosures comply with the requirements of the German Commercial Code in the light of the principles of German Accounting Standard No. 17 (DRS 17), the recommendations set out in the German Corporate Governance Code (GCGC) and the International Financial Reporting Standards (IFRS).

#### *Principles of the remuneration system*

The remuneration paid to the Management Board comprises fixed and variable components reflecting the Company's business performance in a given year as well as its long-term business performance.

The fixed components comprise an annual salary paid out in monthly installments and the usual benefits. These include the provision of a company car, which may also be used privately, insurance for private and company accidents covering invalidity and death and premiums for D&O cover where this exceeds the deductible provided by law for members of the Management Board.

The amount of the bonus is based on the achievement of financial and non-financial targets as well as a discretionary factor which is determined by the Supervisory Board. The financial target is the EBT generated by the Company each year. The non-financial targets are defined at the beginning of each year by the Supervisory Board of Nordex SE. Achievement of the criteria is determined by the Supervisory Board at the end of the performance period. Achievement of financial and non-financial targets has an equal weighting in the calculation of the bonuses.

The variable component with a long-term incentive effect is calculated using a contractually agreed target, which is converted into performance share units on the basis of the price of Nordex stock on the date on which they are granted. In addition, the target achievement rate is defined on the basis of the gross return on Nordex stock (in terms of total shareholder return) compared with the arithmetic mean of the performance indices DAX, MDAX and TecDAX. The final number of performance share units achieved is reviewed on the basis of the target amount and the target achievement rate. The final number of performance share units is multiplied by the price at which Nordex stock is trading at the end of the performance period, thus yielding the amount to be paid out. A third of the net payment under the performance share unit plan must be invested by the Management Board member for a holding period of two years.

As of 2014, the performance share units replace the three-year target agreements in full as the remuneration system. However, in the year under review, this still results in inflows which are set out in the table of inflows under the GCGC.

The remuneration payable to the members of the Management Board in 2014 in accordance with DRS 17 can be seen in the following table. The variable components are recognised on a time-proportionate basis from the date on which the share-based payment is received or allocations are made in the case of non-share-based remuneration.

Remuneration in accordance with Section 314 (1) No. 6 of the German Commercial Code in connection with DRS 17	Fixed components		Bonus		Long-term incentive components		Total	
	2014 EUR	2013 EUR	2014 EUR	2013 EUR	2014 EUR	2013 EUR	2014 EUR	2013 EUR
Dr. J. Zeschky . . . . .	445,265	375,265 <sup>1</sup>	460,000	211,005 <sup>1</sup>	171,112	240,500 <sup>1</sup>	<b>1,076,377</b>	<b>826,770</b>
L. Krogsgaard . . . . .	374,182	373,410 <sup>1</sup>	360,000	344,925 <sup>1</sup>	286,453	267,046 <sup>1</sup>	<b>1,020,635</b>	<b>985,381</b>
B. Schäferbarthold . . . . .	355,392	327,969 <sup>1</sup>	293,000	63,704 <sup>1</sup>	87,075	120,000 <sup>1</sup>	<b>735,467</b>	<b>511,673</b>

1 Differs from previous year due to changes in the statutory requirements.

As of 31 December 2014, the total number of stock options granted to the Management Board stood at 75,000 (2013: 125,000), all of which were held by Dr. Zeschky (2013: Dr. Zeschky 75,000 and Mr. Krogsgaard 50,000). In 2014, Mr. Krogsgaard exercised his 50,000 stock options. No new stock options were granted in the year under review.

In contrast to DRS 17, the following table in accordance with GCGC setting out the remuneration (including ancillary benefits) granted for the year under review additionally shows the targets for the variable components as of the date of allocation. In addition, the minimum and maximum amounts are shown:

	Dr. J. Zeschky				L. Krogsgaard				B. Schäferbarthold			
	2014		2013		2014		2013		2014		2013	
	EUR	Min. 2014	EUR	Max. 2014	EUR	Min. 2014	EUR	Max. 2014	EUR	Min. 2014	EUR	Max. 2014
<b>Incentives granted according to GCGC</b>												
Fixed remuneration	430,000	360,000	430,000	430,000	360,000	360,000	360,000	360,000	341,500	307,500	341,500	341,500
Ancillary benefits	15,265	15,265	15,265	15,265	15,265	14,182	13,410	14,182	13,892	20,469	13,892	13,892
<b>Total fixed component</b>	<b>445,265</b>	<b>375,265</b>	<b>445,265</b>	<b>445,265</b>	<b>373,410</b>	<b>374,182</b>	<b>374,182</b>	<b>374,182</b>	<b>355,392</b>	<b>327,969</b>	<b>355,392</b>	<b>355,392</b>
<b>Bonus</b>	<b>230,000<sup>1</sup></b>	<b>211,005</b>	—	<b>460,000</b>	<b>344,925</b>	—	—	<b>360,000</b>	<b>146,500<sup>1</sup></b>	<b>63,704</b>	—	<b>293,000</b>
<b>Multi-year variable remuneration</b>	<b>391,835</b>	—	<b>0</b>	<b>810,000</b>	<b>540,000</b>	<b>0</b>	—	<b>540,000</b>	<b>261,224</b>	<b>376,648</b>	<b>0</b>	<b>540,000</b>
Three-year target agreement 2013–2015	—	—	—	—	—	—	—	—	—	376,648	—	—
Performance share units 2014–2016	391,835 <sup>1</sup>	—	0	810,000	261,224 <sup>1</sup>	0	—	540,000	261,224 <sup>1</sup>	—	0	540,000
Performance share units 2013–2015	—	—	—	—	—	—	540,000	—	—	—	—	—
<b>Total remuneration</b>	<b>1,067,100</b>	<b>586,270</b>	<b>445,265</b>	<b>1,715,265</b>	<b>1,258,335</b>	<b>374,182</b>	<b>1,274,182</b>	<b>763,116</b>	<b>768,321</b>	<b>355,392</b>	<b>1,188,392</b>	

1 The amount shown represents the value for 100% target achievement in a medium-probability scenario as of the date of grant.

The fixed and single-year variable remuneration components shown in the table prepared in accordance with GCGC are equivalent to the inflows shown for the current year. The table also states the amount paid as multi-year variable remuneration in cases in which the agreed period expires in the year under review:

	Dr. J. Zeschky		L. Krogsgaard		B. Schäferbarthold	
	2014 EUR	2013 EUR	2014 EUR	2013 EUR	2014 EUR	2013 EUR
<b>Inflows according to GCGC</b>						
Fixed remuneration .....	430,000	360,000	360,000	360,000	341,500	307,500
Ancillary benefits .....	15,265	15,265	14,182	13,410	13,892	20,469
<b>Total fixed component .....</b>	<b>445,265</b>	<b>375,265</b>	<b>374,182</b>	<b>373,410</b>	<b>355,392</b>	<b>327,969</b>
<b>Bonus .....</b>	<b>460,000</b>	<b>211,005</b>	<b>360,000</b>	<b>344,925</b>	<b>293,000</b>	<b>63,704</b>
<b>Multi-year variable remuneration .....</b>	<b>—</b>	<b>366,666</b>	<b>300,750</b>	<b>—</b>	<b>—</b>	<b>120,000</b>
Stock options 2010–2013 .....	—	—	300,750	—	—	—
Three-year target agreement 2013–2015 <sup>1</sup> .....	—	—	—	—	—	120,000
Three-year target agreement 2012–2014 <sup>1</sup> .....	—	366,666	—	—	—	—
<b>Total remuneration .....</b>	<b>905,265</b>	<b>952,936</b>	<b>1,034,932</b>	<b>718,335</b>	<b>648,392</b>	<b>511,673</b>

1 The three-year target agreements were prematurely replaced by the performance share unit plan.  
The actual period was 22 months for Dr. Zeschky and 12 months for Mr. Schäferbarthold.

## Supervisory Board

Under the Articles of Incorporation, all members of the Supervisory Board are entitled to fixed remuneration of EUR 25,000 in consideration of the performance of their duties for each full year in which they are members of the Supervisory Board plus reimbursement of all costs incurred in the performance of their duties.

The chairman of the Supervisory Board receives twice this amount and his deputy one-and-a-half times this amount.

Persons joining or leaving the Supervisory Board during the year receive one twelfth of this amount for each full or partial month of service. Value added tax was paid on the reimbursement of expenses in accordance with Articles 17 (1) through (3) of the Articles of Incorporation. The Company pays the premium on liability insurance (D&O insurance) if such cover also includes the members of the Supervisory Board.

The remuneration paid to the Supervisory Board breaks down as follows:

	Fixed components EUR	Variable components EUR	Long-term incentive components EUR	Total EUR
<b>2014</b>				
Dr. W. Ziebart .....	50,000	0	0	50,000
J. Klatten .....	37,500	0	0	37,500
Dr. H. van Deelen .....	25,000	0	0	25,000
Dr. D. G. Maier .....	25,000	0	0	25,000
M. Rey .....	25,000	0	0	25,000
A. Stieve .....	25,000	0	0	25,000
	<b>187,500</b>	<b>0</b>	<b>0</b>	<b>187,500</b>
<b>2013</b>				
Dr. W. Ziebart .....	50,000	0	0	50,000
J. Klatten .....	37,500	0	0	37,500
Dr. H. van Deelen .....	14,585	0	0	14,585
Dr. D. G. Maier .....	25,000	0	0	25,000
M. Rey .....	25,000	0	0	25,000
A. Stieve .....	25,000	0	0	25,000
	<b>177,085</b>	<b>0</b>	<b>0</b>	<b>177,085</b>



**Benefits/pension provisions for former members of the Management Board**

Pension provisions of EUR 427 thousand (2013: EUR 326 thousand) had been set aside as of 31 December 2014 to cover entitlement vesting to two former members of the Management Board.

**Auditor's fee**

The fee payable in 2014 to the statutory auditors stands at EUR 320 thousand (2013: EUR 296 thousand). A fee of EUR 63 thousand (2013: EUR 132 thousand) was paid for tax consulting services. Fees of EUR 3 thousand were paid for other services (2013: EUR 2 thousand).

Nordex SE  
Rostock, 19 March 2015



Dr. J. Zeschky  
Chairman of the Management Board (CEO)



L. Krogsgaard  
Member of the Management Board



B. Schäferbarthold  
Member of the Management Board

## for the period from 1 January to 31 December 2014

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## List of shareholdings

as of 31 December 2014

		Currency	Share in capital (%)	Net profit/loss 01.01–31.12.2014	Equity capital 01.01–31.12.2014	Share held via
<b>Consolidated affiliated companies</b>						
(figures in accordance with statutory financial statements or the uniform Group guidelines for financial statements)						
Nordex SE, Rostock (parent company) <sup>1)</sup>		EUR	—	3,201,014.98	326,770,805.42	—
Beebe Wind LLC, Delaware, United States		EUR	100.00	–18,474.13	–306,016.63	Nordex USA Inc.
Eólicos R4E S.A. de C.V., Tegucigalpa, Honduras		EUR	100.00	–2,465,654.70	4,698.64	Nordex USA Management LLC
Green Hills Wind LLC, Delaware, USA		EUR	100.00	319,530.85	0.00	Nordex USA Inc.
Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd., Beijing, China		EUR	100.00	–3,286,632.01	–1,760,670.29	Nordex Energy GmbH
Nordex (Chile) SpA, Santiago, Chile		EUR	100.00	–1,333,613.95	1,315,178.81	Nordex Windpark Beteiligung GmbH
Nordex (Dongying) Wind Power Equipment Manufacturing Co.Ltd., Dongying, China		EUR	100.00	855,379.86	–450,200.11	Nordex Energy GmbH
Nordex Education Trust, Capetown, South Africa		EUR	100.00	–210,850.50	–426,194.49	Nordex Energy South Africa (Pty.) Ltd.
NordexEnergy Uruguay S.A., Montevideo, Uruguay		EUR	100.00	–8,364,881.06	3,428.00	Nordex Energy B.V.
Nordex Energy B.V., Rotterdam, Netherlands		EUR	100.00	–65,022,054.51	47,052,486.47	Nordex SE
Nordex Energy GmbH, Hamburg <sup>1)</sup>		EUR	100.00	0.00	7,607,762.18	Nordex SE
Nordex Energy Ibérica S.A., Barcelona, Spain		EUR	100.00	139,941.26	8,896,595.47	Nordex Energy B.V.
Nordex Energy Ireland Ltd., Dublin, Ireland		EUR	100.00	–3,917,557.08	2,132,514.94	Nordex Energy B.V.
Nordex Energy Romania S.r.l., Bucharest, Romania		EUR	99.98/0.02	–817,887.39	–1,431,602.78	Nordex Energy B.V./Nordex Energy GmbH
Nordex Energy South Africa RF (Pty.) Ltd., Illovo, South Africa		EUR	100.00	–546,389.27	–2,245,088.41	Nordex Energy GmbH
Nordex Enerji A.S., Istanbul, Turkey		EUR	17.15/82.31/ 0.18/0.18/ 0.18	–1,331,605.74	6,599,057.80	Nordex Energy B.V./Nordex SE/ Nordex Energy GmbH/ Nordex Windpark Beteiligung GmbH/ Nordex Grundstücksverwaltung GmbH
Nordex France S.A.S., La Plaine Saint-Denis, France		EUR	100.00	1,762,612.61	7,117,420.30	Nordex Energy B.V.
Nordex Grundstücksverwaltung GmbH, Hamburg <sup>1)</sup>		EUR	100.00	0.00	52,000.00	Nordex SE
Nordex Hellas Monoprosopi EPE, Athens, Greece		EUR	100.00	1,098,406.52	247,245.56	Nordex Energy GmbH
Nordex Italia S.r.l., Rome, Italy		EUR	100.00	1,913,033.75	22,191,821.47	Nordex Energy B.V.
Nordex Offshore GmbH, Hamburg		EUR	100.00	–224,420.07	–482,275.93	Nordex SE
Nordex Pakistan (Private) Ltd., Islamabad, Pakistan		EUR	100.00	–2,088,138.08	–2,303,609.10	Nordex Energy GmbH
Nordex Polska Sp. z o.o., Warsaw, Poland		EUR	99.00/1.00	4,069,169.46	7,686,384.55	Nordex Energy B.V./Nordex Energy GmbH
Nordex Singapore Equipment Private Ltd., Singapore, Singapore		EUR	100.00	3,160,505.02	–4,708,895.51	Nordex Energy GmbH
Nordex Singapore Service Private Ltd., Singapore, Singapore		EUR	100.00	–411,646.80	–2,290,989.24	Nordex Energy GmbH
Nordex Sverige AB, Uppsala, Sweden		EUR	100.00	–3,508,317.96	7,746,540.28	Nordex Energy B.V.
Nordex UK Ltd., Manchester, United Kingdom		EUR	100.00	–3,049,318.27	2,861,198.34	Nordex Energy B.V.
Nordex USA Inc., Chicago, United States		EUR	100.00	13,364,237.62	83,917,242.71	Nordex Energy B.V.
Nordex USA Management LLC, Chicago, United States		EUR	100.00	–84,940.72	–1,818,596.10	Nordex USA Inc.
Nordex Windpark Beteiligung GmbH, Hamburg <sup>1)</sup>		EUR	100.00	0.00	74,825.12	Nordex SE

	Currency	Share in capital (%)	Net profit/loss 01.01–31.12.2014	Equity capital 01.01–31.12.2014	Share held via
Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd., Ningxia, China	EUR	100.00	–409,869.59	–1,244,825.84	Nordex Energy GmbH
NPV Dritte Windpark GmbH & Co. KG, Hamburg	EUR	100.00	–474.57	42,906.70	Nordex Grundstücksverwaltung GmbH
Way Wind, LLC, Delaware, United States	EUR	100.00	–23,912.28	–93,279.38	Nordex USA Inc.
<b>Non-consolidated affiliated companies</b>					
(figures in accordance with statutory financial statements or the uniform Group guidelines for financial statements)					
Éoles Futur Eurowind France S.A.S., Paris, France	EUR	100.00	210,186.89	374,648.78	Nordex France S.A.S.
Farma Wiatrowa Liw Sp. z o.o., Warsaw, Poland	EUR	99.00/1.00	–19,305.84	–38,591.60	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
Farma Wiatrowa NDX1 Sp. z o.o., Warsaw, Poland <sup>2</sup>	EUR	55.00	–90,368.33	–190,844.90	Nordex Windpark Beteiligung GmbH
Farma Wiatrowa NDX V Sp. z o.o., Warsaw, Poland	EUR	99.00/1.00	–2,997.25	–5,656.44	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
Farma Wiatrowa Rozdrzew Sp. z o.o., Warsaw, Poland (ex. Belzyce)	EUR	99.00/1.00	–64,465.55	–170,928.32	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
Farma Wiatrowa Wymysłów Sp. z o.o., Warsaw, Poland	EUR	99.00/1.00	–2,944.88	–5,601.44	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
natcon 7 GmbH, Hamburg <sup>3</sup>	EUR	75.00	1,791,673.58	2,649,945.57	Nordex SE
Nordex Windpark Verwaltung GmbH, Hamburg	EUR	100.00	–995.63	3,897.32	Nordex SE
Parc Éolien des Pelures Blanches S.A.S., Paris, France <sup>3</sup>	EUR	100.00	–27,669.60	–86,792.98	Nordex Windpark Beteiligung GmbH
Parc Éolien de Zondrange S.A.S., Paris, France <sup>3</sup>	EUR	100.00	–10,159.89	–4,792.62	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex Belgique I (SPRC), Brussels, Belgium <sup>3</sup>	EUR	99.00/1.00	–10,946.73	7,653.27	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
Parc Éolien Nordex Belgique II (SPRC), Brussels, Belgium <sup>3</sup>	EUR	99.00/1.00	–4,171.14	14,428.86	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
Parc Éolien Nordex I S.A.S., Paris, France <sup>3</sup>	EUR	100.00	–2,680.70	19,615.53	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex II S.A.S., Paris, France <sup>3</sup>	EUR	100.00	–2,889.00	21,167.59	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex III S.A.S., Paris, France <sup>3</sup>	EUR	100.00	–7,030.24	16,694.45	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex IV S.A.S., Paris, France <sup>3</sup>	EUR	100.00	–2,692.11	21,613.11	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex V S.A.S., Paris, France <sup>3</sup>	EUR	100.00	–2,742.64	21,502.58	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex VI S.A.S., Paris, France <sup>3</sup>	EUR	100.00	–18,728.44	2,770.30	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex VII S.A.S., Paris, France <sup>3</sup>	EUR	100.00	–2,725.70	21,502.74	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex IX S.A.S., Paris, France <sup>3</sup>	EUR	100.00	–2,682.64	21,884.68	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex X S.A.S., Paris, France <sup>3</sup>	EUR	100.00	–2,682.64	20,079.96	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XIII S.A.S., Paris, France <sup>3</sup>	EUR	100.00	–30,589.60	–17,744.88	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XIV S.A.S., Paris, France <sup>3</sup>	EUR	100.00	–38,115.24	–28,712.69	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XVIII S.A.S., Paris, France <sup>3</sup>	EUR	100.00	–2,625.33	15,370.03	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XX S.A.S., Paris, France <sup>3</sup>	EUR	100.00	–2,745.33	21,755.51	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXI S.A.S., Paris, France <sup>3</sup>	EUR	100.00	–2,939.07	21,570.13	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXII S.A.S., Paris, France <sup>3</sup>	EUR	100.00	–2,745.53	21,707.86	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXIII S.A.S., Paris, France <sup>3</sup>	EUR	100.00	–9,799.59	14,594.45	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXIV S.A.S., Paris, France <sup>3</sup>	EUR	100.00	–2,702.47	21,935.44	Nordex Windpark Beteiligung GmbH



	Currency	Share in capital (%)	Net profit/loss 01.01–31.12.2014	Equity capital 01.01–31.12.2014	Share held via
<b>Investments in associates (not consolidated)</b>					
(figures in accordance with statutory financial statements)					
Beebe Renewable Energy 2, LLC, Delaware, United States	EUR	50.00	–61,136.96	90,191.63	Nordex USA Management LLC
C&C Wind Sp. z o.o., Natolin/Polen <sup>3</sup>	EUR	40.00	–536,633.35	–723,223.16	Nordex Windpark Beteiligung GmbH
GN Renewable Investments S.à r.l., Luxembourg <sup>3</sup>	EUR	30.00	–65,246.55	383,749.09	Nordex Windpark Beteiligung GmbH
KNK Wind GmbH, Frankfurt am Main <sup>3</sup>	EUR	38.89	–532,842.67	2,656,489.11	Nordex Offshore GmbH
Way Wind LLC, Nebraska, United States	EUR	36.15	–11,373.45	306,897.75	Way Wind, LLC, Delaware, United States
<b>Other investments (non-consolidated)</b>					
(figures in accordance with statutory financial statements)					
Eoliennes de la Vallée S.A.S.	EUR	50.00	–2,199.00	–2,313.00	Nordex France S.A.S.
K/S Whitewater Wind Power Invest I, Fredensborg, Denmark, Komplementarselskabet Whitewater Invest I ApS, Helsingør, Denmark <sup>2</sup>	EUR	33.33	–44,348.87	–158,946.77	Nordex Energy GmbH
K/S Whitewater Wind Power Invest VII, Fredensborg, Denmark, Komplementarselskabet Whitewater Invest VII ApS, Helsingør, Denmark <sup>2</sup>	EUR	11.11	–29,333.49	–143,849.52	Nordex Energy GmbH
K/S Whitewater Wind Power Invest VIII, Fredensborg, Denmark, Komplementarselskabet Whitewater Invest VIII ApS, Helsingør, Denmark <sup>2</sup>	EUR	11.11	–61,156.03	–180,471.95	Nordex Energy GmbH
Parc d'Énergie de Conlie P.E.C. S.à r.l., La Martyre, France <sup>3</sup>	EUR	50.00	–68.95	799.42	Nordex France S.A.S.
Sameole Bois du Goulet, Caen, France <sup>2</sup>	EUR	50.00	–870.00	–340.00	Nordex France S.A.S.
Société Éolienne de Roussée-Vassé S.E.R.V. S.à r.l., Rouesse Vasse, France <sup>3</sup>	EUR	50.00	0.00	–1,631.76	Nordex France S.A.S.
Vent d'est S.à r.l., Paris, France <sup>3</sup>	EUR	50.00	–855.02	–5,123.61	Nordex France S.A.S.
Vent Local S.A.S., Vienne, France <sup>3</sup>	EUR	9.00	–36,042.00	61,557.00	Nordex France S.A.S.

1 Profit transfer agreement; net profit/loss and equity after profit transfer agreement in accordance with local rules

2 Financial statements as of 31 December 31.12.2013

3 Preliminary financial statements as of 31.12.2014

## Responsibility Statement

*Responsibility statement in accordance with Sections 297 (2) 4 and 315 (1) 6 of the German Commercial Code*

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Nordex SE  
Rostock, 19 March 2015

A handwritten signature in blue ink, appearing to read 'Zeschky', with a long horizontal stroke extending to the right.

Dr. J. Zeschky  
Chairman of the Management Board (CEO)

A handwritten signature in blue ink, appearing to read 'L. Krogsgaard', with a long horizontal stroke extending to the right.

L. Krogsgaard  
Member of the Management Board

A handwritten signature in blue ink, appearing to read 'B. Schäferbarthold', with a long horizontal stroke extending to the right.

B. Schäferbarthold  
Member of the Management Board



*“The following auditor’s report (Bestätigungsvermerk) has been issued in accordance with Section 322 of the German Commercial Code (Handelsgesetzbuch) on the consolidated financial statements and group management report (Konzernlagebericht) of Nordex SE, Hamburg, as of and for the financial year ended December 31, 2014. **The group management report is neither included nor incorporated by reference in the Company Report.**”*

#### **Auditor’s Report\***

We have audited the consolidated financial statements prepared by Nordex SE, comprising the consolidated statement of financial position, the consolidated income statement and statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and notes to the consolidated financial statements, together with the group management report, which is combined with the management report of the Nordex SE for the business year from January 1 to December 31, 2014. The preparation of the consolidated financial statements and the combined management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB (“Handelsgesetzbuch”: German Commercial Code) are the responsibility of the parent Company’s Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and the combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company’s Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these provisions. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group’s position and suitably presents the opportunities and risks of future development.

Hamburg, 19 March 2015

PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

Niklas Wilke  
Wirtschaftsprüfer  
(German Public Auditor)

ppa. Dr. Thomas Ull  
Wirtschaftsprüfer  
(German Public Auditor)

\* Translation of the auditor’s report issued in German on the consolidated financial statements prepared in German by the management of Nordex SE.

**Corporación Acciona Windpower, S.L.**  
**Unaudited Interim Condensed Consolidated Financial Statements as of and for the three months ended**  
**March 31, 2016**

**CORPORACIÓN ACCIONA WINDPOWER, S.L. AND SUBSIDIARIES**  
(Consolidated Group)

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT MARCH 31, 2016**  
(Thousands of Euros)

<b>ASSETS</b>	<b>NOTE</b>	<b>03/31/2016</b>	<b>12/31/2015</b>
Property, plant and equipment .....	4	96,304	90,019
Other intangible assets .....	5	8,445	8,322
Non-current financial assets .....		302	497
Deferred tax assets .....		40,305	41,482
<b>NON-CURRENT ASSETS</b> .....		<b>145,356</b>	<b>140,320</b>
Inventories .....	7	133,223	172,291
Trade and other receivables .....	8	140,479	137,675
Other current financial assets .....	6	241	24,869
Current tax assets .....		1,146	499
Other current assets .....		55,081	44,391
Cash and cash equivalents .....	9	26,658	9,616
<b>CURRENT ASSETS</b> .....		<b>356,828</b>	<b>389,341</b>
<b>TOTAL ASSETS</b> .....		<b>502,184</b>	<b>529,661</b>
<b>EQUITY AND LIABILITIES</b>	<b>NOTE</b>	<b>03/31/2016</b>	<b>12/31/2015</b>
Share capital .....		7,620	7,620
Share premium, retained earnings and other reserves .....		35,908	(8,628)
Translation differences .....		6,672	7,124
Consolidated profit for the period/year .....		3,420	44,556
<b>Equity attributable to equity holders of the Parent</b> .....		<b>53,620</b>	<b>50,672</b>
<b>EQUITY</b> .....	10	<b>53,620</b>	<b>50,672</b>
Deferred tax liabilities .....		13,804	14,946
Provisions .....	11	46,106	45,433
Other non-current liabilities .....	13	8,328	7,669
<b>NON-CURRENT LIABILITIES</b> .....		<b>68,238</b>	<b>68,048</b>
Other financial liabilities .....	14	70,500	56,901
Trade and other payables .....	17	271,127	306,684
Provisions .....	11	16,164	23,788
Current tax liabilities .....		7,809	6,251
Other current liabilities .....	13	14,726	17,317
<b>CURRENT LIABILITIES</b> .....		<b>380,326</b>	<b>410,941</b>
<b>TOTAL EQUITY AND LIABILITIES</b> .....		<b>502,184</b>	<b>529,661</b>

Notes 1 to 25 and the Appendices form an integral part of the interim condensed consolidated financial statements at March 31, 2016.

**CORPORACIÓN ACCIONA WINDPOWER, S.L. AND SUBSIDIARIES**  
(Consolidated Group)

**INTERIM CONSOLIDATED INCOME STATEMENT FOR THE THREE-MONTH PERIOD  
ENDED MARCH 31, 2016**  
(Thousands of Euros)

	<u>NOTE</u>	<u>03/31/2016</u>	<u>03/31/2015</u>
Revenue .....	18	192,049	190,736
Other income .....		968	552
Raw materials and other supplies used .....	19	(151,821)	(147,063)
Personnel expenses .....	19	(19,445)	(15,909)
Other external costs .....	19	(11,686)	(10,846)
Taxes .....		(192)	(247)
Impairment .....	19	(161)	(228)
Amortisation and depreciation .....	19	(5,071)	(6,205)
Gains on disposal of non-current assets .....		64	7
Other losses .....		—	(217)
<b>RESULTS FROM OPERATING ACTIVITIES .....</b>		<b>4,705</b>	<b>10,580</b>
Finance income .....	20	468	756
Finance costs .....	20	(1,799)	(2,427)
Exchange gains/(losses) .....		1,289	(604)
<b>PROFIT BEFORE INCOME TAX .....</b>		<b>4,663</b>	<b>8,305</b>
Income tax expense/(income tax benefit) .....	15	(1,243)	455
<b>PROFIT FOR THE PERIOD .....</b>		<b>3,420</b>	<b>8,760</b>
Non-controlling interests .....		—	—
<b>PROFIT ATTRIBUTABLE TO THE PARENT .....</b>		<b>3,420</b>	<b>8,760</b>

Notes 1 to 25 and the Appendices form an integral part of the interim condensed consolidated financial statements at March 31, 2016.

**CORPORACIÓN ACCIONA WINDPOWER, S.L. AND SUBSIDIARIES**  
(Consolidated Group)

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2016**  
(Thousands of Euros)

	<u>Note</u>	<u>Amount</u>	<u>Tax effect</u>	<u>Total</u>
<b>CONSOLIDATED PROFIT FOR THE PERIOD</b> .....		<b>4,663</b>	<b>(1,243)</b>	<b>3,420</b>
Attributable to the Parent .....		4,663	(1,243)	3,420
Non-controlling interests .....		—	—	—
<b>OTHER COMPREHENSIVE INCOME</b> .....		<b>(646)</b>	<b>194</b>	<b>(452)</b>
Items to be reclassified in profit or loss Translation differences .....	10b), 15	(646)	194	(452)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b> .....		<b>4,017</b>	<b>(1,049)</b>	<b>2,968</b>
<b>a) Attributable to the Parent</b> .....		<b>4,017</b>	<b>(1,049)</b>	<b>2,968</b>
<b>b) Attributable to non-controlling interests</b> .....		—	—	—

Notes 1 to 25 and the Appendices form an integral part of the interim condensed consolidated financial statements at March 31, 2016.

**CORPORACIÓN ACCIONA WINDPOWER, S.L. AND SUBSIDIARIES**  
(Consolidated Group)

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2015**  
(Thousands of Euros)

	<u>Note</u>	<u>Amount</u>	<u>Tax effect</u>	<u>Total</u>
<b>CONSOLIDATED PROFIT FOR THE PERIOD</b> .....		<b>8,305</b>	<b>455</b>	<b>8,760</b>
Attributable to the Parent .....		8,305	455	8,760
Non-controlling interests .....		—	—	—
<b>OTHER COMPREHENSIVE INCOME</b> .....		<b>4,271</b>	<b>(1,281)</b>	<b>2,990</b>
Items to be reclassified in profit or loss Translation differences .....	10b), 15	4,271	(1,281)	2,990
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b> .....		<b>12,576</b>	<b>(826)</b>	<b>11,750</b>
<b>a) Attributable to the Parent</b> .....		<b>12,576</b>	<b>(826)</b>	<b>11,750</b>
<b>b) Attributable to non-controlling interests</b> .....		—	—	—

Notes 1 to 25 and the Appendices form an integral part of the interim condensed consolidated financial statements at March 31, 2016.

**CORPORACIÓN ACCIONA WINDPOWER, S.L. AND SUBSIDIARIES**  
(Consolidated Group)

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2016**  
(Thousands of Euros)

	Share capital	Share premium, retained earnings and other reserves	Translation differences	Consolidated profit/(loss) for the period/year	Total
<b>Balance at 01/01/2015</b> .....	<b>1,995</b>	<b>(99,262)</b>	<b>1,642</b>	<b>(1,183)</b>	<b>(96,808)</b>
Application of loss .....	—	(1,183)	—	1,183	—
Other comprehensive income - Changes due to translation differences .....	—	—	2,990	—	2,990
Profit for the period .....	—	—	—	8,760	8,760
Other movements (hedge accounting) .....	—	(114)	—	—	(114)
<b>Balance at 03/31/2015</b> .....	<b>1,995</b>	<b>(100,559)</b>	<b>4,632</b>	<b>8,760</b>	<b>(85,172)</b>
Capital increases .....	5,625	90,000	—	—	95,625
Other comprehensive income – Changes due to translation differences .....	—	—	2,492	—	2,492
Increases due to business combinations ...	—	1,687	—	—	1,687
Profit for the period .....	—	—	—	35,796	35,796
Other movements (hedge accounting) .....	—	244	—	—	244
<b>Balance at 12/31/2015</b> .....	<b>7,620</b>	<b>(8,628)</b>	<b>7,124</b>	<b>44,556</b>	<b>50,672</b>
Application of profit .....	—	44,556	—	(44,556)	—
Other comprehensive income - Changes due to translation differences .....	—	—	(452)	—	(452)
Profit for the period .....	—	—	—	3,420	3,420
Other movements (hedge accounting) .....	—	(20)	—	—	(20)
<b>Balance at 03/31/2016</b> .....	<b>7,620</b>	<b>35,908</b>	<b>6,672</b>	<b>3,420</b>	<b>53,620</b>

Notes 1 to 25 and the Appendices form an integral part of the interim condensed consolidated financial statements at March 31, 2016.



**CORPORACIÓN ACCIONA WINDPOWER, S.L. AND SUBSIDIARIES**  
(Consolidated Group)

**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE  
THREE-MONTH PERIOD ENDED MARCH 31, 2016**  
(Thousands of Euros)

	<u>03/31/2016</u>	<u>03/31/2015</u>
Profit before income tax . . . . .	4,663	8,305
Amortisation and depreciation . . . . .	5,071	6,205
Impairment . . . . .	161	228
Gains on disposal of non-current assets . . . . .	(64)	(7)
Finance income . . . . .	(468)	(756)
Finance costs . . . . .	1,799	2,427
Exchange (gains)/losses . . . . .	(1,289)	604
Other (gains)/losses that do not generate cash flow . . . . .	(2)	217
Change in inventories . . . . .	39,068	(24,895)
Finance income received . . . . .	468	756
Finance costs paid . . . . .	(1,799)	(2,427)
Income tax paid . . . . .	1,558	61
Changes in current assets . . . . .	(13,174)	(14,753)
Changes in current liabilities . . . . .	(45,772)	62,059
<b>Cash flows from/(used in) operating activities . . . . .</b>	<b><u>(9,780)</u></b>	<b><u>38,024</u></b>
Acquisition of property, plant and equipment . . . . .	(11,560)	(6,621)
Acquisition of intangible assets . . . . .	(1,020)	(657)
Proceeds from disposals of PPE, intangible assets and non-current financial assets . . . . .	980	100
Other cash flows used in investing activities . . . . .	195	(913)
<b>Cash flows used in investing activities . . . . .</b>	<b><u>(11,405)</u></b>	<b><u>(8,091)</u></b>
Payments/Collection of current and non-current loans and borrowings . . . . .	—	8,048
Payments/Collection of debt to Group companies . . . . .	13,599	(5,724)
Net cash flow from other current financial assets . . . . .	24,628	67
<b>Cash flows from financing activities . . . . .</b>	<b><u>38,227</u></b>	<b><u>2,391</u></b>
<b>Net increase in cash and cash equivalents . . . . .</b>	<b><u>17,042</u></b>	<b><u>32,324</u></b>
<b>Cash and cash equivalents at the beginning of the period . . . . .</b>	<b><u>9,616</u></b>	<b><u>14,543</u></b>
<b>Cash and cash equivalents at the end of the period . . . . .</b>	<b><u>26,658</u></b>	<b><u>46,867</u></b>

Notes 1 to 25 and the Appendices form an integral part of the interim condensed consolidated financial statements at March 31, 2016.

**EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2016 OF  
CORPORACIÓN ACCIONA WINDPOWER,  
S.L. AND SUBSIDIARIES (Consolidated Group)**

**1. Group Activities**

Corporación Acciona Windpower, S.L. (hereinafter the Company or Parent) was incorporated with limited liability on December 22, 2008. Its registered office and head offices are located in Sarriguren (Navarra).

Pursuant to section III.1 of the Revised Spanish Companies Act approved by Royal Legislative Decree 1/2010 of July 2, 2010, Corporación Acciona Windpower, S.L., the parent of the group, was filed at the Mercantile Registry as a solely-owned company.

The statutory activity of the Company consists of:

- The manufacture, design, technological development and sale of wind turbines and any related components.
- The rendering of security, operational, maintenance, repair and construction services of specialist complex installations, particularly wind energy production facilities.
- Arranging and coordination activities in the rendering of engineering services.
- The performance of studies and research into renewable energies and the fostering of their use through the distribution of the technologies required for their development.
- The purchase, sale or transfer of any know-how, technology, patent, utility model and intellectual property rights.
- Agency, distribution, representation, commission and concession contracts related to the aforementioned activities.

The Company is the parent of a group of spanish and international companies that comprise Corporación Acciona Windpower, S.L. and its subsidiaries (hereinafter the “Group” or the “Corporación Acciona Windpower Group”), detailed in Appendix I to these notes, which operate mainly in the wind turbine manufacture sector and the production of energy at the wind power facilities owned by them until September 30, 2015, when the wind power facilities were sold. Details of the changes to the consolidated group in 2016 and 2015 are shown in Appendix II.

As of March 31, 2016, the Company belonged to a group of companies headed by Acciona, S.A. forming the Acciona Group (see note 10.a), the shares of which are quoted on the Madrid stock exchange. Since April 1, 2016, the shares of the Company were transferred to Nordex SE, being the parent company of the Nordex Group. Nordex SE is a publicly listed European stock corporation incorporated under the laws of Germany.

**2. Basis of Presentation and Consolidation Principles**

**a) Basis of presentation and comparative information**

The interim condensed consolidated financial statements for the three-month period ended March 31, 2016, of the Group were prepared by the joint directors of the Parent on December 19, 2017, to give a true and fair view of the consolidated equity and consolidated financial position of the Group at March 31, 2016, as well as the consolidated results of its operations, changes in the consolidated statement of comprehensive income, changes in consolidated equity and consolidated cash flows of the Group for the three month period then ended.

These interim condensed consolidated financial statements were prepared for inclusion in an offering document.

These interim condensed consolidated financial statements for the three month period ended March 31, 2016, have been prepared in accordance with IAS 34 - Interim Financial Reporting, as adopted by the European Union (IAS 34). Following IAS 34, interim financial information is prepared with the purpose of bringing up to date the contents of the most recent consolidated financial statements prepared by the Group, highlighting the new activities, events and circumstances that have taken place in the three-month period and not duplicating the information as previously disclosed in the consolidated financial statements for the year 2015. Therefore, for a proper understanding of the information included in these interim condensed consolidated financial statements, these statements should be read jointly with the consolidated financial statements of the Group for the year 2015.

**EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
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In the first three months of 2016, new accounting standards, amendments and interpretations became effective. These new accounting standards, amendments and interpretations that took effect before March 31, 2016, were consequently considered in the preparation of the accompanying consolidated financial statements. The new accounting standards, amendments and interpretations have been applied with no significant impact on either the figures reported or the presentation and disclosures of these interim condensed consolidated financial statements, as they do not involve major changes or they relate to economic issues that do not affect the Group.

As of the date of the preparation of these interim condensed consolidated financial statements, there are some standards, interpretations and amendments published, but not yet effective, being the most significant for the Group the following:

<b>Standards, amendments and interpretations:</b>	<b>Description</b>	<b>Mandatory application for annual periods beginning on or after:</b>
IFRS 9 Financial Instruments (final phase published in July 2014) . . . . .	Replaces the requirements in IAS 39 for classification, measurement, recognition and derecognition of financial assets and financial liabilities, hedge accounting and impairment.	January 1, 2018
IFRS 15 Revenue from Contracts with Customers (published in May 2014) . . . . .	New revenue recognition standard (replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31).	January 1, 2018
IFRS 16 Leases (published in January 2016) . . . . .	A new standard on leases (replaces IAS 17).	January 1, 2019

The directors of the Parent are currently evaluating the impact in revenue recognition as a consequence of IFRS 15 Revenue from Contracts with Customers with effect from January 1, 2018, which may alter the timing of the revenue recognition. The directors of the Parent do not expect any significant changes due to the introduction of other standards, amendments to standards and interpretations published but not yet effective, as these are of prospective application, changes in presentation and disclosures and/or address issues that do not apply to the Group's operations.

Except for what is indicated above, the accounting policies and criteria used in the preparation of these interim condensed consolidated financial statements for the first three months of 2016 are consistent with those applied to the consolidated financial statements for the year 2015.

The accompanying interim condensed consolidated financial statements have been prepared on the basis of the accounting records of the Parent and the companies forming the Group.

**b) Accounting estimates and judgements**

The information included in these interim condensed consolidated financial statements is the responsibility of the Parent's directors.

For these interim condensed consolidated financial statements, estimates made by the Group's directors were used to measure some of the assets, liabilities, income, expenses and obligations reported therein. Basically, these estimates refer to:

- Measurement of assets and goodwill to evaluate any impairment losses.
- The Group recognises construction contracts using the percentage of completion method.
- The probability of any undetermined or contingent liabilities arising and the amount thereof.
- Calculations of provisions for onerous contracts, guarantees and litigation.

**EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
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- Impairment of inventories and trade receivables.
- Taxable income and tax losses of Group companies to be declared to the taxation authorities, which have been used as the basis for the different income tax balances in the accompanying interim condensed consolidated financial statements.

These estimates were made on the basis of the best information available on the events analysed at March 31, 2016. Nevertheless, future events may require these estimates to be changed in subsequent years. Any such changes in accounting estimates would be recognised prospectively.

During the three-month period ended March 31, 2016 no significant changes occurred in the estimates made at the close of the year 2015; nor were there changes in accounting criteria or correction of errors.

**c) Contingent assets and liabilities**

Note 15 of the Corporación Acciona Windpower Group consolidated financial statements for the year ended December 31, 2015, provides information on contingent assets and liabilities at said date. No significant changes in the contingent assets and liabilities of the Corporación Acciona Windpower Group took place during the first three months of 2016.

**d) Comparison of information**

The information contained in these interim condensed consolidated financial statements for the three-month period ended March 31, 2015, and for the year ended December 31, 2015, is presented only and exclusively for purposes of comparison with the information for the three-month period ended March 31, 2016.

**e) Seasonal nature of the Group's operations**

Most activities carried out by the Corporación Acciona Windpower Group companies are not particularly cyclical or seasonal. The variations on revenue during the period depend on the ongoing projects, which do not show seasonality or recurrence.

**f) Materiality**

In determining what information to disclose in the notes about the various items on the interim condensed consolidated financial statements, or about other matters, the Group, under IAS 34, took into account the relative importance in relation to the three-month interim condensed consolidated financial statements for the three-month period.

**g) Consolidated statement of cash flows**

The following terms with the meanings specified are used in the interim consolidated statement of cash flows, which was prepared using the indirect method:

- Cash flows: inflows and outflows of cash and cash equivalents, which are taken to be changed in the value of short-term, highly liquid investments.
- Operating activities: typical activities of the Company, as well as other activities that cannot be classified as investment or financing activities. Based on the profit before tax from continuing operations, in addition to the adjustment for "Depreciation and Amortisation of Assets", transfers of interest paid and received, as well as the transfer of the gains or losses on disposal of assets included under investment activities and, lastly, the adjustments to the results of companies accounted for using the equity method and, in general, any results that do not generate cash flows.
- Investment activities: acquisition, disposal or use by other means of non-current assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that result in changes in the size and composition of equity and liabilities and are not operating activities.

**EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
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In the preparation of the interim consolidated statement of cash flows, the following were considered cash and cash equivalents: cash and demand bank deposits, and current investments with high liquidity which can be easily translated to determined amounts of cash and are under very little risk of change in value.

**h) Eliminations on consolidation**

All significant balances and transactions between the Group, as well as unrealised gains or losses, have been eliminated on consolidation.

**i) Translation differences**

The monetary assets and liabilities of the Group's foreign companies with a functional currency other than the Euro, are translated to Euros based on the foreign exchange rates at the reporting date. Income and expenses from foreign operations are translated at the average exchange rate for the period. Capital and reserves are translated using historical exchange rates. Foreign exchange differences are recognised in equity. Translation differences are recognised as income or an expense in the period in which the investment is made or sold.

**3. Changes in the consolidated Group**

Appendices I, II and III of the consolidated financial statements for the year ended December 31, 2015 provide relevant information on subsidiaries, jointly-controlled entities and associates and joint arrangements of the Corporación Acciona Windpower Group. Following the acquisition method, the Corporación Acciona Windpower Group recognises all the additions to the Group that involve taking control.

During the three-month period ended March 31, 2016, there have been no changes in the scope of consolidation.

**4. Property, Plant and Equipment**

Movement in the cost, accumulated depreciation and impairment of property, plant and equipment for the three-month periods ended March 31, 2016 and 2015, expressed in thousands of Euros, is as follows:

<b>Property, plant and equipment</b>	<b>Land</b>	<b>Buildings</b>	<b>Technical installations and machinery</b>	<b>Other installations</b>	<b>Other property, plant and equipment</b>	<b>Advances and PPE under construction</b>	<b>Depreciation and impairment (note 19)</b>	<b>Total</b>
<b>Balance at 01/01/2015</b>	<b>2,758</b>	<b>67,129</b>	<b>74,480</b>	<b>85,914</b>	<b>2,575</b>	<b>5,995</b>	<b>(105,513)</b>	<b>133,338</b>
Additions/charges	—	1,550	626	4,159	123	163	(5,088)	1,533
Disposals	—	—	—	—	—	(94)	—	(94)
Translation differences and other	11	1,791	2,841	552	44	(23)	(3,042)	2,174
<b>Balance at 03/31/2015</b>	<b>2,769</b>	<b>70,470</b>	<b>77,947</b>	<b>90,625</b>	<b>2,742</b>	<b>6,041</b>	<b>(113,643)</b>	<b>136,951</b>
<b>Balance at 01/01/2016</b>	<b>2,768</b>	<b>60,765</b>	<b>24,279</b>	<b>102,249</b>	<b>2,829</b>	<b>672</b>	<b>(103,543)</b>	<b>90,019</b>
Additions/charges	53	152	4,769	6,389	124	73	(4,123)	7,437
Disposals	—	—	(3)	(892)	(3)	(134)	147	(885)
Translation differences and other	(4)	(684)	(115)	153	—	1	382	(267)
<b>Balance at 03/31/2016</b>	<b>2,817</b>	<b>60,233</b>	<b>28,930</b>	<b>107,899</b>	<b>2,950</b>	<b>612</b>	<b>(107,137)</b>	<b>96,304</b>

The most significant additions in the three-month periods ended March 31, 2016 and 2015 were essentially the investments made in both periods by Acciona Windpower, S.A. in machinery and equipment that were necessary to transport and assemble the various components of the 3MW machine and the machinery and equipment required for the mobile factories of the concrete towers.

In both periods, Acciona Windpower Brasil, Ltda invested in new plant, machinery and equipment required to manufacture 3MW wind turbines in Bahia (Brazil).

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The disposals as of March 31, 2016, correspond essentially to the decrease of tools in Acciona Windpower Mexico Srl de CV. They were written off because they will no longer be used in current projects.

Translation differences and other include the effect of the translation losses of Euros 267 thousand (a gain of Euros 2,174 thousand in 2015), generated primarily by the assets located in the United States acquired by the Group in 2014, as the balance sheets are denominated in US dollars and this currency depreciated by almost 4% against the Euro during 2016 (11% in 2015), as well as those expressed in Brazilian Reals.

The Group takes out insurance policies to cover the risks to which its property, plant and equipment are exposed and for possible claims arising from its business activity, and considers that this coverage is sufficient for the risks faced by the Group.

There are no firm commitments to purchase or sell assets at March 31, 2016 and 2015.

### **5. Other Intangible Assets**

Intangible assets have not shown significant variations during the three-month period ended March 31, 2016 and 2015. Depreciation of other intangible assets is shown in note 19.

### **6. Other current Financial Assets**

At December 31, 2015 “Other current financial assets” included a credit granted to Acciona Financiación de Filiales, S.A. amounting to Euros 24,648 thousands. This loan was repaid during the first months of 2016.

### **7. Inventories**

Details of inventories at March 31, 2016, and December 31, 2015, expressed in thousands of Euros, are as follows:

	<u>03/31/2016</u>	<u>12/31/2015</u>
Raw materials, other supplies and goods for resale .....	99,090	105,887
Advances paid .....	34,133	66,404
<b>Total inventories .....</b>	<b>133,223</b>	<b>172,291</b>

Raw materials, other supplies and goods for resale include the raw materials for assembly of the wind turbines and spare parts for the maintenance work carried out by the Group at its facilities.

The Group has recognised impairment where there is reasonable doubt as to the full or partial recovery of these assets. The amount of the impairment to net realizable value amounted to Euros 20,849 thousand at March 31, 2016, and December 31, 2015, respectively. Movement in these provisions is recorded under changes in provisions in the consolidated income statement.

### **8. Trade and Other Receivables**

Details at March 31, 2016, and December 31, 2015, expressed in thousands of Euros, are as follows:

	<u>03/31/2016</u>	<u>12/31/2015</u>
Trade receivables .....	79,558	68,362
Impairment .....	(11,271)	(11,548)
Acciona Group companies (note 22) .....	68,632	76,569
Other receivables .....	3,560	4,292
<b>Total .....</b>	<b>140,479</b>	<b>137,675</b>



**EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
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The net balance of trade receivables essentially reflects wind turbine sales.

The line item “Acciona Group companies” comprise credit balances with Acciona, S.A. totalling Euros 22,789 thousand at March 31, 2016 (Euros 23,644 thousand at December 31, 2015) as a result of being part of the consolidated tax group headed by Acciona, S.A. and included certain Spanish subsidiaries subject to prevailing legislation (see note 15), as well as receivables balances in connection with the sales of wind turbines made essentially to Acciona Energía group, a subgroup belonging to Acciona, S.A.

Movement in impairment of receivables is as follows:

Balance at January 1, 2015 .....	10,077
Charges .....	1,471
Balance at December 31, 2015 .....	11,548
Reversals .....	(277)
Balance at March 31, 2016 .....	11,271

### **9. Cash and Cash Equivalents**

At March 31, 2016, and 2015, the line item cash and cash equivalents comprised cash that has been remunerated at market interest rates.

### **10. Equity**

#### **a) Share capital**

At March 31, 2016, and December 31, 2015, the share capital of the Parent was represented by 761,979 registered shares of Euros 10 per share, subscribed and fully paid.

All shares have the same rights and there are no statutory restrictions regarding their transferability. At March 31, 2016, the entire share capital was held by Acciona, S.A. and the Parent was therefore, a solely-owned company.

On October 4, 2015, Acciona, S.A. entered into an agreement with the German listed company Nordex SE whereby Nordex SE would acquire the total share capital of Corporación Acciona Windpower, S.L. and Acciona, S.A. would receive as consideration: 16,100,000 newly issued shares, representing 16.6% of the share capital of Nordex SE, valued at Euros 26 per share, representing a total of Euros 418.6 million, plus a cash payment of Euros 366.4 million, resulting in a total amount of Euros 785 million, to be adjusted on the basis of debt existing at March 31, 2016. This agreement has been effective from April 1, 2016, and from that moment the parent of the Corporación Acciona Windpower Group has been Nordex SE (see note 1 and note 21).

#### **b) Share premium, retained earnings, other reserves and translation differences**

Details are as follows (expressed in thousands of Euros):

	<u>03/31/2016</u>	<u>12/31/2015</u>
<b>Share premium</b> .....	<b>90,000</b>	<b>90,000</b>
Reserves in fully consolidated companies .....	(54,047)	(98,602)
Losses to be applied .....	(45)	(26)
<b>Total reserves</b> .....	<b>35,908</b>	<b>(8,628)</b>
<b>Translation differences</b> .....	<b>6,672</b>	<b>7,124</b>

#### **i) Share premium**

The share premium amounts to Euros 90,000 thousand at March 31, 2016, (see section a) of this note). The Revised Spanish Companies Act expressly provides for the use of share premium to increase share capital and does not stipulate any restrictions as to its use.



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*ii) Legal reserve*

The legal reserve, which must be equal to 20% of share capital, can be used to increase share capital provided that the balance left on the reserve is at least equal to 10% of the nominal value of the total share capital after the increase. Except for this purpose, until the reserve exceeds 20% of share capital it may only be used to offset losses if no other reserves are available and must be replenished using future profits.

*iii) Reserves in consolidated companies and translation differences*

The Group has applied the exemption permitted by IFRS 1, “First-time Adoption of International Financial Reporting Standards”. Consequently, translation differences included in equity are those generated subsequent to the date of transition.

A breakdown of fully consolidated reserves and translation differences by subsidiary at March 31, 2016, and 2015, expressed in thousands of Euros, is shown in Appendix III.

**c) Capital management**

The Group manages its capital with the aim of safeguarding its capacity to continue operating as a going concern, so as to continue providing shareholder remuneration and benefiting other stakeholders, while maintaining an optimum financial and equity structure to reduce the cost of capital. Through this policy, creating value for the shareholder becomes compatible with access to financial markets at a competitive cost, so as to meet debt refinancing requirements and to finance investment plans not covered by the funds generated by the business.

To maintain and adjust the capital structure, the Group can adjust the amount of dividends payable to shareholders, reimburse capital, issue shares or dispose of assets to reduce debt.

Like other groups operating in the same sectors, the Acciona Group controls its capital structure on a gearing ratio basis. This ratio is calculated as net debt divided by equity. Net debt is the sum of current and non-current loans and borrowings, excluding the amounts corresponding to assets held for sale, less current investments and cash and cash equivalents. Details of leverage at March 31, 2016, and 2015 are as follows:

	Leverage	
	Thousands of Euros	
	03/31/2016	12/31/2015
<b>Net financial debt:</b> .....	<b>(26,658)</b>	<b>(9,616)</b>
Current investments, cash and cash equivalents .....	(26,658)	(9,616)
<b>Equity:</b> .....	<b>53,620</b>	<b>50,672</b>
Equity attributable to equity holders of the Parent .....	53,620	50,672

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**11. Provisions**

Movement in non-current provisions at March 31, 2016, and 2015, detailed by item and expressed in thousands of Euros, is as follows:

	<b>Operating and maintenance/ warranty provisions</b>	<b>Other legal provisions</b>	<b>TOTAL</b>
<b>Balance at 01/01/2015</b> .....	<b>12,275</b>	<b>10,116</b>	<b>22,391</b>
Additions and charges .....	1,287	2	1,289
Other movements .....	317	15	332
<b>Balance at 03/31/2015</b> .....	<b>13,879</b>	<b>10,133</b>	<b>24,012</b>
<b>Balance at 01/01/2016</b> .....	<b>35,433</b>	<b>10,000</b>	<b>45,433</b>
Additions and charges .....	6,673	—	6,673
Applications .....	(4,646)	—	(4,646)
Transfers .....	(444)	—	(444)
Other movements .....	(910)	—	(910)
<b>Balance at 03/31/2016</b> .....	<b>36,106</b>	<b>10,000</b>	<b>46,106</b>

The provision for operating and maintenance and warranty provisions primarily reflects the amounts estimated in relation to maintenance and warranties provided for certain sales.

The provision for other legal provisions of Euros 10,000 thousand reflects the Parent's directors' best estimate of liabilities that could arise from the various legal proceedings, appeals, disputes and obligations involving Group and pending resolution at March 31, 2016.

Movement in current provisions at March 31, 2016, and 2015, by item and expressed in thousands of Euros, is as follows:

	<b>Operating and maintenance/warranty provisions</b>
<b>Balance at 01/01/2015</b> .....	<b>12,974</b>
Additions and charges .....	4,862
Transfers .....	(544)
Derecognitions and applications .....	(3,431)
Other movements .....	(40)
<b>Balance at 03/31/2015</b> .....	<b>13,821</b>
<b>Balance at 01/01/2016</b> .....	<b>23,788</b>
Additions and charges .....	(127)
Transfers .....	470
Derecognitions and applications .....	(7,805)
Other movements .....	(162)
<b>Balance at 03/31/2016</b> .....	<b>16,164</b>

The operating and maintenance/warranty provisions primarily reflects the amounts estimated in relation with operations and maintenance and warranties for machinery.

These provisions cover the liabilities that could arise from these commitments at the statement of financial position date, based on the best estimate of the directors of the Parent.

**12. Risk Management Policy**

Due to its activities and geographical diversification, Corporación Acciona Windpower Group is exposed to certain risks, which are appropriately managed through a risk management system. This risk management system

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has been designed to identify any potential events that could affect the business; manage the related risks through internal control and treatment systems to ensure that the probability and impact of these events are within the established tolerance levels; and provide reasonable security as to the achievement of the strategic targets of the business.

The Group's policy at March 31, 2016, was aimed at integrating its risk management within the strategy of Acciona, S.A., the group to which the Company belonged (see note 1), and establishing the framework and principles of the risk management system.

Interest rate risk

Changes in interest rates affect the future cash flows from assets and liabilities pegged to a variable rate of interest.

Based on the estimates of the Group with respect to interest rates and targeted debt structure, hedging operations are carried out by contracting derivatives to mitigate these risks. The extent to which the debt incurred for each project is hedged depends on the type of project and the country in which this investment is made.

The interest rate on debt arranged by the Group is pegged to Euribor.

Currency risk

The Group operates internationally and is therefore exposed to currency risk in the countries in which it invests and operates.

The Group's financial-economic general management is responsible for managing currency risk and uses non-speculative hedging criteria.

Currency risks essentially derive from the following transactions:

- Foreign currency debt contracted by subsidiaries and associates.
- Payables in international markets for raw materials purchased.
- Collections indexed mostly to foreign currencies.
- Investments in foreign companies.

To mitigate currency risk, the Group has contracted foreign currency derivatives and exchange insurance to hedge operations and significant future cash flows based on the set risk limits. On other occasions, long-term financing of assets denominated in currencies other than the Euro is carried out in the same currency as the asset.

Net assets deriving from net investments in foreign companies with functional currencies other than the Euro are also subject to the risk of fluctuations in the exchange rate on conversion of the financial statements of these companies in the consolidation process.

Credit risk

Credit risk arises when the counterparty does not fulfil their contractual obligations, thereby generating financial losses for the Group. The Group has adopted the policy of trading exclusively with solvent third parties and obtaining sufficient guarantees to reduce the risk of financial losses in the event of default. The Group only enters into contracts with entities that are at a similar or higher level of investment and obtains information about its counterparties from independent company appraisers, through other public financial information sources and from its own customer relations.

The Group's notes and trade receivable balances are from customers in different sectors and geographical areas. Credit relations with customers and customer solvency are analysed on an ongoing basis and credit guarantee insurance is taken out where necessary.

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The Group is not significantly exposed to credit risk through any of its customers or groups of similar customers and credit risk is not significantly concentrated.

Credit risk and liquidity risk relating to derivative instruments with a positive fair value is limited in the Group, as both cash placements and derivative contracts are with highly solvent entities with a high credit rating, and no counterparty accumulates a significant percentage of total credit risk.

#### Liquidity risk

The Group manages liquidity risk prudently, maintaining sufficient cash and marketable securities, as well as contracting credit facilities with sufficient limits to support foreseen requirements.

The Group's financial-economic general management is ultimately responsible for liquidity risk management and prepares a suitable framework to control the Group's liquidity requirements in the short, medium and long term. The Group manages its liquidity by maintaining adequate reserves, appropriate banking services, availability of loans and credits, ongoing monitoring of forecasts and current cash flows, and by coupling these with financial asset and liability maturity profiles.

#### Economic risk and budgetary deviations

The Group has a global budget and economic control system that generates the information required by those in charge of the business to control potential risks and adopt the most appropriate management decisions. The economic and financial information generated is regularly compared with the forecast data and indicators, and deviations in terms of business volume, profitability, cash flows and other relevant, reliable parameters are assessed and any adjustments made.

### **13. Other Current and Other Non-current Liabilities**

Details of these items, expressed in thousands of Euros, are as follows:

<u>Other liabilities</u>	<u>Non-current</u>		<u>Current</u>	
	<u>03/31/2016</u>	<u>12/31/2015</u>	<u>03/31/2016</u>	<u>12/31/2015</u>
Grants .....	3,274	2,595	—	—
Other deferred income .....	1,203	1,290	—	—
Other payables .....	3,851	3,784	3,926	4,261
Salaries payable .....	—	—	6,301	7,348
Public entities .....	—	—	4,499	5,708
<b>Total balance .....</b>	<b>8,328</b>	<b>7,669</b>	<b>14,726</b>	<b>17,317</b>

Grants and other payables include loans at subsidised interest rates from various public bodies (Centre for the Development of Industrial Technology and the Ministry of Industry and Energy).

#### Grants

At March 31, 2016, grants included essentially those granted by the Regional Government of Navarra, as part of an industrial investment aid scheme.

Capital grants are recognised as other income on the consolidated income statement.

#### Other payables

Other current and non-current payables primarily include short-term and long-term repayable loans granted by Spanish public entities to Acciona Windpower, S.A. and repayable loans granted by the state of Iowa (USA) to Acciona Windpower North America, LLC.

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**14. Other Financial Liabilities**

A detail of this line item, expressed in thousands of Euros, is as follows:

	<u>03/31/2016</u>	<u>12/31/2015</u>
Loans from Acciona Group companies (note 22) .....	70,500	56,901
<b>Total balance</b> .....	<b>70,500</b>	<b>56,901</b>

At March 31, 2016, the line item “Loans from Acciona Group companies” mainly includes a credit facility granted by Acciona Financiación de Filiales, S.A. to Acciona Windpower, S.A. with a total limit of Euros 187,500 thousand, of which Euros 70,500 thousand were drawn down at March 31, 2016 (Euros 56,901 thousand in 2015).

This debt was cancelled in April, 2016.

**15. Taxation**

Consolidated tax group

In accordance with prevailing legislation, the consolidated tax group, of which the parent was Acciona, S.A., included the Parent and certain Spanish companies from Corporación Acciona Windpower Group that met the requirements of the tax law. Due to the transfer of shares of the Parent to Nordex SE (Note 1 and 21), the Spanish affiliates of the Group have created a new consolidated tax Group, being Corporación Acciona Windpower, S.L. the parent of the new tax group. As a result, the tax rate applicable for 2016 according to prevailing laws in Navarra, is 28%.

The remaining subsidiaries file individual tax returns in accordance with applicable local legislation or the legislation applicable in their respective countries.

Years open to tax inspection

At March 31, 2016, income tax and all the other main applicable taxes for the current statutory periods that have not been inspected are open to inspection by the taxation authorities, in each of the geographical areas in which the Group operates. The consolidated companies in Spain generally have all main applicable taxes for the last four years open to inspection by the taxation authorities (last five years for income tax).

Due to the treatment permitted by fiscal legislation of certain transactions, additional tax liabilities could arise in the event of future inspections, which cannot be objectively quantified at present. Nevertheless, the directors consider that the possibility of significant liabilities arising in this respect other than those already recognised is remote.

Income tax

Income tax expense is recognised at an amount determined by multiplying the profit/(loss) before tax for the interim reporting period by management’s best estimate of the weighted-average annual income tax rate expected for the full year, adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate in the interim condensed consolidated financial statements may differ from management’s estimate of the effective tax rate for the consolidated annual financial statements.

The Group’s consolidated effective tax rate for the three-month period ended March 31, 2016, was 26%.

**16. Guarantees with Third Parties and Other Contingent Liabilities**

The Group provided guarantees to customers, public organisations and financial institutions for Euros 140,521 thousand at March 31, 2016 (Euros 156,401 thousand at December 31, 2015).

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**17. Trade and Other Payables**

Details of these items, expressed in thousands of Euros, are as follows:

<u>Trade and other payables</u>	<u>03/31/2016</u>	<u>12/31/2015</u>
Payables, Acciona Group companies (note 22) . . . . .	6,191	3,751
Trade payables . . . . .	109,849	147,680
Advances from customers . . . . .	155,087	155,253
<b>Total balance . . . . .</b>	<b>271,127</b>	<b>306,684</b>

Advances from customers mainly reflect advances received from customers for the future performance of projects in the different countries in which the Group operates; essentially Brazil, the United States and Mexico.

**18. Revenue**

Details of the Group's revenues, expressed in thousands of Euros, are as follows:

	<u>For the three month period ended 03/31/2016</u>	<u>For the three month period ended 03/31/2015</u>
Sales		
Wind turbines . . . . .	179,900	184,950
Energy . . . . .	1,409	2,160
Services rendered . . . . .	10,740	3,626
<b>Total . . . . .</b>	<b>192,049</b>	<b>190,736</b>

Using the percentage of completion method at March 31, 2016, and 2015, revenues totalled Euros 179,900 thousand and Euros 184,950 thousand, respectively.

A breakdown of the Group's revenues, detailed by geographical area and expressed in thousands of Euros, is as follows:

	<u>Domestic market</u>	<u>OECD countries</u>	<u>Other countries</u>	<u>Total</u>
<i>For the three month period ended 03/31/2016</i>				
Sales				
Wind turbines . . . . .	—	92,950	86,950	179,900
Energy . . . . .	1,409	—	—	1,409
Services rendered . . . . .	3,530	6,470	0,740	10,740
<b>Total revenues . . . . .</b>	<b>4,939</b>	<b>99,420</b>	<b>87,690</b>	<b>192,049</b>
<i>For the three month period ended 03/31/2015</i>				
Sales				
Wind turbines . . . . .	—	142,380	42,570	184,950
Energy . . . . .	2,160	—	—	2,160
Services rendered . . . . .	3,626	—	—	3,626
<b>Total revenues . . . . .</b>	<b>5,786</b>	<b>142,380</b>	<b>42,570</b>	<b>190,736</b>

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**19. Operating Expenses**

Details of Group expenses expressed in thousands of Euros are as follows:

	For the three month period ended 03/31/2016	For the three month period ended 03/31/2015
<b>Raw materials and other supplies used</b> .....	<b>151,821</b>	<b>147,063</b>
Purchases .....	157,963	167,341
Change in inventories .....	(6,142)	(20,278)
<b>Personnel expenses</b> .....	<b>19,445</b>	<b>15,909</b>
Salaries and wages .....	14,726	12,237
Other remuneration .....	58	69
Social Security .....	3,276	2,696
Other personnel expenses .....	1,385	907
<b>Other external costs</b> .....	<b>11,686</b>	<b>10,846</b>
<b>Taxes</b> .....	<b>192</b>	<b>247</b>
<b>Impairment</b> .....	<b>161</b>	<b>228</b>
<b>Amortisation and depreciation</b> .....	<b>5,071</b>	<b>6,205</b>
Property, plant and equipment (note 4) .....	4,123	5,088
Other intangible assets (note 5) .....	948	1,117

Other external costs:

A breakdown of Other External costs, expressed in thousands of Euros, is as follows:

	For the three month period ended 03/31/2016	For the three month period ended 03/31/2015
R&D expenditure .....	878	744
Repairs and maintenance .....	1,852	1,663
Leases and royalties .....	723	780
Independent professional services .....	3,594	4,270
Insurance premiums .....	369	207
Utilities .....	787	1,028
Other expenses .....	3,483	2,154
<b>Total</b> .....	<b>11,686</b>	<b>10,846</b>

R&D expenditure includes the total expenses incurred in research and development activities during the period. Following a detailed analysis of the total expenses incurred, Euros 887 thousand were included in intangible assets under other income in March 31, 2016 (Euros 469 thousand in March 31, 2015).

The independent professional services includes expenses of external warehouses, quality services, market studies and other advisory services.



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**20. Finance Income and Costs**

A breakdown of these items in the three-month periods ended March 31, 2016, and 2015, expressed in thousands of Euros, is as follows:

	For the three month period ended 03/31/2016	For the three month period ended 03/31/2015
Other interest and finance income .....	468	756
<b>Total finance income .....</b>	<b>468</b>	<b>756</b>
Interest on loans and credit facilities with third parties .....	(766)	(982)
Interest on loans with Group Companies (note 22) .....	(1,033)	(1,445)
<b>Total finance costs .....</b>	<b>(1,799)</b>	<b>(2,427)</b>

**21. Events after the Reporting Period (assessed at December 19, 2017)**

On October 4, 2015, Acciona, S.A. entered into an agreement with the German listed company Nordex SE whereby Nordex SE would acquire the total share capital of Corporación Acciona Windpower, S.L. and Acciona, S.A. would receive as consideration: 16,100,000 newly issued shares, representing 16.6% of the share capital of Nordex SE, valued at Euros 26 per share, representing a total of Euros 418.6 million, plus a cash payment of Euros 366.4 million, resulting in a total amount of Euros 785 million, to be adjusted on the basis of debt existing at March 31, 2016. This acquisition agreement has been effective from April 1, 2016. As of that date, Corporation Acciona Windpower Group became part of the Nordex SE Group. This fact implies a significant change in the Group's corporate structure and in its chain of control, at the same time as it implies a modification of its management and strategic development.

**22. Related Party Balances and Transactions**

Related parties include not only subsidiaries, associates and jointly controlled entities, but also the Company's "key management personnel" (joint directors, senior management personnel and their close family members), as well as entities over which key management personnel may have significant influence or control.

Transactions between the Parent and its subsidiaries (which are related parties) forming part of the ordinary course of business in terms of their purpose and conditions have been eliminated on consolidation as stated in these explanatory notes, and are not disclosed in this note. The transactions between the sole shareholder and its investees are detailed below. This note should be read considering that in April 1, 2016, the shares of the Company were transferred to the Nordex SE Group, and therefore from that date, the Group has been transferred from the Acciona Group to the Nordex SE Group.

Transactions with the sole shareholder

The balances and transactions with Acciona, S.A. (sole shareholder of the Parent) during the three-month periods ended March 31, 2016, and 2015, in thousands of Euros, were as follows:

	At 03/31/2016		At 12/31/2015	
	Balances receivable	Balances payable	Balances receivable	Balances payable
Due to consolidated taxation (note 8) .....	22,787	—	23,644	—
Trade and other Payables (note 17) .....	—	153	—	1,467
Current credit facilities (note 14) .....	—	2	—	—
Trade and other receivables .....	2,810	—	—	—
	For the three-month period ended 03/31/2016		For the three-month period ended 03/31/2015	
	Expenses	Income	Expenses	Income
Other external costs .....	22	—	—	—
Finance costs (note 20) .....	—	—	410	—

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Transactions with investees of the sole shareholder

Details of balances payable to and receivable from investees of the sole shareholder during the three-month periods ended March 31, 2016, and 2015, in thousands of Euros, are as follows:

	At 03/31/2016		At 12/31/2015	
	Balances receivable	Balances payable	Balances receivable	Balances payable
Current loan (note 6) .....	—	—	24,648	—
Current credit facilities (note 14) .....	—	70,498	—	56,901
Trade and other receivables (note 8) .....	45,845	—	52,925	—
Trade and other payables (note 17) .....	—	6,038	—	2,284

	For the three-month period ended 03/31/2016		For the three-month period ended 03/31/2015	
	Expenses	Income	Expenses	Income
Revenues .....	—	57,355	—	59,582
Service Commitments .....	—	140	—	697
Supplies .....	965	—	2,244	—
Other external costs .....	872	—	682	—
Finance costs (note 20) .....	1,033	—	1,035	—

Transactions were mainly sales of wind turbines, services rendered by Corporación Acciona Windpower Group to Acciona Group subsidiaries and financing operations.

Transactions with directors or management

In the three-month periods ended March 31, 2016, and 2015, the Group conducted no significant transactions with its related parties (sole shareholder, joint directors and management of the Company and other related parties), besides those mentioned in previous paragraphs and in note 23.

**23. Remuneration and Other Benefits**

A. Joint directors

The joint directors do not receive any remuneration for their services as directors. In the three-month periods ended March 31, 2016, and 2015, neither the companies forming the governing body of the Parent, nor their representatives, received remuneration of any kind for their services as directors or in any other respect.

The Group has no balances receivable from or payable to the joint directors at March 31, 2016, and 2015, nor does it have any pension plans or life insurance policies with former or current members of the joint directors. No loans, advances or guarantees have been provided to the joint directors other than those indicated in section B) of this note.

B. Senior management personnel

Remuneration of the Group's Steering Committee in the three-month periods ended March 31, 2016, and 2015, can be summarised as follows:

	03/31/2016	03/31/2015
Number of persons .....	11	11
Total remuneration (thousands of Euros) .....	731	614

**24. Information on the Joint Directors**

Based on the information available to the Company that was declared by the joint directors and their related parties, at December 31, 2015 the joint directors and their related parties have had no direct or indirect conflicts of interest requiring disclosure in accordance with article 229 of Royal Legislative Decree 1/2010 of July 2, 2010, approving the Revised Spanish Companies Act.

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**25. Other Information**

At March 31, 2016, and December 31, 2015 the Group had no significant litigation or contingencies related to the protection and improvement of the environment for which provision has not been made. The directors of the Parent do not consider that any additional environmental contingencies that could arise would be significant. In any case, there are no liabilities that could have a significant effect on these interim condensed consolidated financial statements for which provision has not been made or which are not covered by the public liability insurance taken out by the Group companies.

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**APPENDIX I**

**SUBSIDIARIES**

Details of the consolidated subsidiaries at March 31, 2016, are as follows (expressed in thousands of Euros):

<u>Company</u>	<u>Registered office</u>	<u>Principal activity</u>	<u>% nominal interest</u>	<u>Method of consolidation</u>	<u>Share capital</u>	<u>Profit/(loss)</u>
<b>SPANISH COMPANIES</b>						
Acciona Windpower, S.A. ....	Navarra	Manufacture of wind turbines	100.00	Fully consolidated	7,625	444
Acciona Windpower Internacional, S.L. ....	Navarra	Manufacture of wind turbines	100.00	Fully consolidated	6,553	(30)
Acciona Blades, S.A. ....	Navarra	Manufacture of wind turbines	100.00	Fully consolidated	2,136	(725)
Industria Toledana de Energías Renovables, S.L. ....	Toledo	Manufacture of wind turbines	100.00	Fully consolidated	350	(5)
Acciona Towers, S.L. ....	Madrid	Manufacture of wind turbines	100.00	Fully consolidated	580	(17)
<b>INTERNATIONAL COMPANIES</b>						
Acciona Windpower Oceanía, Pty Ltd. ....	Australia	Manufacture of wind turbines	100.00	Fully consolidated	—	(3)
Aciona Windpower Korea, Inc. ....	Korea	Manufacture of wind turbines	100.00	Fully consolidated	—	—
Acciona Windpower México, Srl de CV. ....	Mexico	Manufacture of wind turbines	100.00	Fully consolidated	—	(1,868)
Acciona Windpower Chile, S.A. ....	Chile	Manufacture of wind turbines	100.00	Fully consolidated	6	630
Shanghai Acciona Windpower Technical Service, Co Ltd ....	China	Manufacture of wind turbines	100.00	Fully consolidated	180	(30)
Acciona Windpower Brasil, Ltda ....	Brazil	Manufacture of wind turbines	100.00	Fully consolidated	51,570	2,995
Acciona Vjetroelektrane, d.o.o. ....	Croatia	Manufacture of wind turbines	100.00	Fully consolidated	3	(7)
Acciona Windpower South Africa Pty, Ltd. ....	South Africa	Manufacture of wind turbines	100.00	Fully consolidated	—	(24)
Acciona Windpower Rüzgar Enerjisi Sistemleri Anoni ....	Turkey	Manufacture of wind turbines	100.00	Fully consolidated	2,675	(115)
Acciona Windpower North America L.L.C. ....	USA	Manufacture of wind turbines	100.00	Fully consolidated	1	974
Acciona Windpower India Private Limited ....	India	Manufacture of wind turbines	100.00	Fully consolidated	1,901	(25)
Acciona Windpower Deutschland GmbH ....	Germany	Manufacture of wind turbines	100.00	Fully consolidated	25	(2)

This appendix forms an integral part of Note 1 to the interim condensed consolidated financial statements.

**EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2016 OF  
CORPORACIÓN ACCIONA WINDPOWER,  
S.L. AND SUBSIDIARIES (Consolidated Group)**

Details of the consolidated subsidiaries at December 31, 2015, are as follows (expressed in thousands of Euros):

<u>Company</u>	<u>Registered office</u>	<u>Principal activity</u>	<u>% nominal interest</u>	<u>Method of consolidation</u>	<u>Share capital</u>	<u>Profit/(loss)</u>
<b>SPANISH COMPANIES</b>						
Acciona Windpower, S.A. ....	Navarra	Manufacture of wind turbines	100.00	Fully consolidated	7,625	13,411
Acciona Windpower Internacional, S.L. ....	Navarra	Manufacture of wind turbines	100.00	Fully consolidated	6,553	(391)
Acciona Blades, S.A. ....	Navarra	Manufacture of wind turbines	100.00	Fully consolidated	2,136	121
Industria Toledana de Energías Renovables, S.L. ....	Toledo	Manufacture of wind turbines	100.00	Fully consolidated	350	(141)
Acciona Towers, S.L. ....	Madrid	Manufacture of wind turbines	100.00	Fully consolidated	580	(774)
<b>INTERNATIONAL COMPANIES</b>						
Acciona Windpower Oceanía, Pty Ltd. ....	Australia	Manufacture of wind turbines	100.00	Fully consolidated	—	(137)
Aciona Windpower Korea, Inc. ....	Korea	Manufacture of wind turbines	100.00	Fully consolidated	—	(100)
Acciona Windpower México, Srl de CV. ....	Mexico	Manufacture of wind turbines	100.00	Fully consolidated	—	11,782
Acciona Windpower Chile, S.A. ....	Chile	Manufacture of wind turbines	100.00	Fully consolidated	6	(441)
Shanghai Acciona Windpower Technical Service, Co Ltd ....	China	Manufacture of wind turbines	100.00	Fully consolidated	180	(2)
Acciona Windpower Brasil, Ltda ....	Brazil	Manufacture of wind turbines	100.00	Fully consolidated	51,570	(1,476)
Acciona Vjetroelektrane, d.o.o. ....	Croatia	Manufacture of wind turbines	100.00	Fully consolidated	3	466
Acciona Windpower South Africa Pty, Ltd. ....	South Africa	Manufacture of wind turbines	100.00	Fully consolidated	—	1,341
Acciona Windpower Rüzgar Enerjisi Sistemleri Anoni ....	Turkey	Manufacture of wind turbines	100.00	Fully consolidated	17	(1,131)
Acciona Windpower North America L.L.C. ....	USA	Manufacture of wind turbines	100.00	Fully consolidated	1	20,153
Acciona Windpower India Private Limited ....	India	Manufacture of wind turbines	100.00	Fully consolidated	1,901	(349)
Acciona Windpower Deutschland GmbH ....	Germany	Manufacture of wind turbines	100.00	Fully consolidated	25	(86)

This appendix forms an integral part of Note 1 to the interim condensed consolidated financial statements.

**EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2016 OF  
CORPORACIÓN ACCIONA WINDPOWER,  
S.L. AND SUBSIDIARIES (Consolidated Group)**

**APPENDIX II**

**CHANGES IN THE CONSOLIDATED GROUP**

There have been no changes in the consolidated Group during the three month period ended March 31, 2016.

Changes in the consolidated Group at December 2015 were as follows:

<u>Company</u>	<u>Registered office</u>	<u>Principal activity</u>	<u>Change</u>	<u>Consolidation method 2015</u>
Acciona Windpower India Private Limited .....	India	Manufacture of wind turbines	Addition due to incorporation	Fully consolidated
Acciona Windpower Deutschland GmbH .....	Germany	Manufacture of wind turbines	Addition due to incorporation	Fully consolidated
Anchor Wind, LLC .....	USA	Energy sales	Sale	Fully consolidated

This appendix forms an integral part of Note 1 to the interim condensed consolidated financial statements.

**EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2016 OF  
CORPORACIÓN ACCIONA WINDPOWER,  
S.L. AND SUBSIDIARIES (Consolidated Group)**

**APPENDIX III**

**DETAILS OF CONSOLIDATED RESERVES AND TRANSLATION DIFFERENCES**

(Amounts in thousands of Euros)

<u>Company</u>	<u>03/31/2016</u>		<u>12/31/2015</u>	
	<u>Consolidated reserves</u>	<u>Translation differences</u>	<u>Consolidated reserves</u>	<u>Translation differences</u>
Acciona Windpower, S.A. . . . .	(1,772)	(30)	(16,349)	(44)
Acciona Windpower Internacional, S.L. . . . .	(216)	—	(76)	—
Acciona Blades, S.A. . . . .	(24,001)	—	(24,123)	—
Industria Toledana de Energías Renovables, S.L. . . . .	(4,901)	—	(4,760)	—
Acciona Towers, S.L. . . . .	(15,803)	—	(15,029)	—
Acciona Windpower Oceanía, Pty Ltd. . . . .	(3,825)	(823)	(3,450)	(802)
Acciona Windpower Korea, Inc. . . . .	(250)	—	(225)	75
Acciona Windpower México, Srl de CV. . . . .	18,789	(1,390)	7,063	(971)
Acciona Windpower Chile, S.A. . . . .	1,365	(26)	1,807	(38)
Shanghai Acciona Windpower Technical Service Co Ltd . . .	(71)	4	(70)	6
Acciona Windpower Brasil, Ltda . . . . .	(47,601)	10,492	(46,124)	9,810
Acciona Vjetroelektrane, d.o.o. . . . .	758	2	287	(5)
Acciona Windpower South Africa Pty, Ltd. . . . .	4,063	(424)	2,651	(447)
Acciona Windpower Rüzgar Enerjisi Sistemleri Anonim . . . . .	(948)	27	185	29
Acciona Windpower North America, L.L.C. . . . .	20,801	(1,162)	(389)	(540)
Acciona Windpower India Private Limited . . . . .	(349)	2	—	51
Acciona Windpower Deutschland GmbH . . . . .	(86)	—	—	—
<b>Total . . . . .</b>	<b>(54,047)</b>	<b>6,672</b>	<b>(98,602)</b>	<b>7,124</b>

This appendix forms an integral part of Note 10 b) to the interim condensed consolidated financial statements.



**Corporación Acciona Windpower, S.L.**  
**Audited Consolidated Financial Statements as of and for the year ended**  
**December 31, 2015 prepared in Spanish**

**CORPORACIÓN ACCIONA WINDPOWER, S.L.**

**Y**

**SOCIEDADES DEPENDIENTES  
(Grupo Consolidado)**

**ESTADOS FINANCIEROS CONSOLIDADOS**

**31 de diciembre de 2015**

**Preparados de conformidad con las Normas Internacionales de Información Financiera adoptadas por la  
Unión Europea**

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**CORPORACIÓN ACCIONA WINDPOWER, S.L. Y SOCIEDADES DEPENDIENTES**  
(Grupo Consolidado)

**ESTADOS DE SITUACIÓN FINANCIERA CONSOLIDADOS AL 31 DE DICIEMBRE DE 2015 Y 2014**  
(Miles de euros)

<b>ACTIVO</b>	<b>NOTA</b>	<b>31.12.15</b>	<b>31.12.14</b>
Inmovilizado material . . . . .	4	90.019	133.338
Otros activos intangibles . . . . .	5	8.322	8.505
Activos financieros no corrientes . . . . .	6	497	11
Activos por impuestos diferidos . . . . .	17	41.482	44.577
Otros activos no corrientes . . . . .		—	65
<b>ACTIVOS NO CORRIENTES</b> . . . . .		<b>140.320</b>	<b>186.496</b>
Existencias . . . . .	7	172.291	133.539
Deudores comerciales y otras cuentas a cobrar . . . . .	8	137.675	176.083
Otros activos financieros corrientes . . . . .	6	24.869	201
Activos por impuesto sobre las ganancias corrientes . . . . .	17	499	63
Otros activos corrientes . . . . .	17	44.391	37.025
Efectivo y otros medios líquidos equivalentes . . . . .	9	9.616	14.543
<b>ACTIVOS CORRIENTES</b> . . . . .		<b>389.341</b>	<b>361.454</b>
<b>TOTAL ACTIVO</b> . . . . .		<b>529.661</b>	<b>547.950</b>
<b>PASIVO Y PATRIMONIO NETO</b>	<b>NOTA</b>	<b>31.12.15</b>	<b>31.12.14</b>
Capital . . . . .		7.620	1.995
Prima de emisión, ganancias acumuladas y otras reservas . . . . .		(8.628)	(99.262)
Diferencias de conversión . . . . .		7.124	1.642
Resultado del ejercicio . . . . .		44.556	(1.183)
<b>Patrimonio atribuido a tenedores de instrumentos de patrimonio neto de la dominante</b> . . . . .		<b>50.672</b>	<b>(96.808)</b>
Participaciones no dominantes . . . . .		—	—
<b>PATRIMONIO NETO</b> . . . . .	10	<b>50.672</b>	<b>(96.808)</b>
Pasivos financieros con entidades de crédito . . . . .	12	—	2.500
Pasivos por impuestos diferidos . . . . .	17	14.946	11.861
Provisiones . . . . .	11	45.433	22.391
Otros pasivos no corrientes . . . . .	15	7.669	19.080
<b>PASIVOS NO CORRIENTES</b> . . . . .		<b>68.048</b>	<b>55.832</b>
Pasivos financieros con entidades de crédito . . . . .	12	—	25.091
Otros pasivos financieros . . . . .	16	56.901	128.852
Acreedores comerciales y otras cuentas a pagar . . . . .	19	306.684	407.530
Provisiones . . . . .	11	23.788	12.974
Pasivos por impuestos sobre las ganancias corrientes . . . . .	17	6.251	—
Otros pasivos corrientes . . . . .	15	17.317	14.479
<b>PASIVOS CORRIENTES</b> . . . . .		<b>410.941</b>	<b>588.926</b>
<b>TOTAL PASIVO Y PATRIMONIO NETO</b> . . . . .		<b>529.661</b>	<b>547.950</b>

Las notas 1 a 29 descritas y los Anexos forman parte integrante de los estados financieros consolidados al 31 de diciembre de 2015.

**CORPORACIÓN ACCIONA WINDPOWER, S.L. Y SOCIEDADES DEPENDIENTES**  
(Grupo Consolidado)

**CUENTAS DE RESULTADOS CONSOLIDADAS DE LOS EJERCICIOS 2015 Y 2014**  
(Miles de euros)

	<u>NOTA</u>	<u>31.12.15</u>	<u>31.12.14</u>
Ingresos ordinarios .....	20	957.971	639.623
Otros ingresos .....		5.246	5.603
Consumo de materias primas y otros aprovisionamientos .....	21	(756.009)	(525.436)
Gastos de personal .....	21	(66.568)	(50.717)
Otros gastos externos .....	21	(48.863)	(41.343)
Tributos .....		(993)	(714)
Correcciones valorativas .....	21	(1.619)	(1.804)
Dotación a la amortización .....	21	(21.655)	(22.793)
Resultados por enajenación de activos no corrientes .....		756	119
Otras ganancias o pérdidas .....		(543)	(45)
<b>RESULTADO DE EXPLOTACIÓN .....</b>		<b><u>67.723</u></b>	<b><u>2.493</u></b>
Ingresos financieros .....	22	2.541	3.340
Gastos financieros .....	22	(9.516)	(14.079)
Diferencias de cambio .....		2.592	(1.977)
<b>RESULTADO ANTES DE IMPUESTOS .....</b>		<b><u>63.340</u></b>	<b><u>(10.223)</u></b>
Gasto por impuesto sobre las ganancias .....	17	(18.784)	9.040
<b>RESULTADO DEL EJERCICIO .....</b>		<b><u>44.556</u></b>	<b><u>(1.183)</u></b>
Participaciones no dominantes .....		—	—
<b>RESULTADO ATRIBUIBLE A LA SOCIEDAD DOMINANTE .....</b>		<b><u>44.556</u></b>	<b><u>(1.183)</u></b>

Las notas 1 a 29 descritas y los Anexos forman parte integrante de los estados financieros consolidados al 31 de diciembre de 2015.

**CORPORACIÓN ACCIONA WINDPOWER, S.L. Y SOCIEDADES DEPENDIENTES**  
(Grupo Consolidado)

**ESTADO DEL RESULTADO GLOBAL CONSOLIDADO CORRESPONDIENTE AL EJERCICIO**  
**ANUAL TERMINADO A 31 DE DICIEMBRE DE 2015 (Miles de euros)**

	<u>Nota</u>	<u>Importe</u>	<u>Efecto Impositivo</u>	<u>Total</u>
<b>RESULTADO CONSOLIDADO DEL EJERCICIO</b> .....		<b>63.340</b>	<b>(18.784)</b>	<b>44.556</b>
Resultado atribuido a la sociedad dominante .....		63.340	(18.784)	44.556
Participaciones no dominantes .....		—	—	—
<b>OTRO RESULTADO GLOBAL</b> .....		<b>7.831</b>	<b>(2.349)</b>	<b>5.482</b>
Partidas que van a ser reclasificadas a resultados				
Diferencias de conversión .....	10b) y 17	7.831	(2.349)	5.482
<b>RESULTADO GLOBAL DEL EJERCICIO</b> .....		<b>71.171</b>	<b>(21.133)</b>	<b>50.038</b>
<b>a) Atribuidos a la sociedad dominante</b> .....		<b>71.171</b>	<b>(21.133)</b>	<b>50.038</b>
<b>b) Atribuidos a participaciones no dominantes</b> .....		—	—	—

Las notas 1 a 29 descritas y los Anexos forman parte integrante de los estados financieros consolidados al 31 de diciembre de 2015.



**CORPORACIÓN ACCIONA WINDPOWER, S.L. Y SOCIEDADES DEPENDIENTES**  
(Grupo Consolidado)

**ESTADO DEL RESULTADO GLOBAL CONSOLIDADO CORRESPONDIENTE AL EJERCICIO**  
**ANUAL TERMINADO A 31 DE DICIEMBRE DE 2014 (Miles de euros)**

	<u>Nota</u>	<u>Importe</u>	<u>Efecto Impositivo</u>	<u>Total</u>
<b>RESULTADO CONSOLIDADO DEL EJERCICIO</b> .....		<b>(10.223)</b>	<b>9.040</b>	<b>(1.183)</b>
Resultado atribuido a la sociedad dominante .....		(10.223)	9.040	(1.183)
Participaciones no dominantes .....		—	—	—
<b>OTRO RESULTADO GLOBAL</b> .....		<b>(1.011)</b>	<b>303</b>	<b>(708)</b>
Partidas que van a ser reclasificadas a resultados				
Diferencias de conversión .....	10 b) y 17	(1.011)	303	(708)
<b>RESULTADO GLOBAL DEL EJERCICIO</b> .....		<b>(11.234)</b>	<b>9.343</b>	<b>(1.891)</b>
<b>a) Atribuidos a la sociedad dominante</b> .....		<b>(11.234)</b>	<b>9.343</b>	<b>(1.891)</b>
<b>b) Atribuidos a participaciones no dominantes</b> .....		—	—	—

Las notas 1 a 29 descritas y los Anexos forman parte integrante de los estados financieros consolidados al 31 de diciembre de 2015.

**CORPORACIÓN ACCIONA WINDPOWER, S.L. Y SOCIEDADES DEPENDIENTES**  
(Grupo Consolidado)

**ESTADOS DE CAMBIOS EN EL PATRIMONIO NETO CONSOLIDADOS DE LOS EJERCICIOS 2015  
Y 2014**  
(Miles de euros)

	<u>Capital social</u>	<u>Prima de emisión y Ganancias acumuladas</u>	<u>Diferencias de conversión</u>	<u>Resultado consolidado</u>	<u>Total</u>
<b>Saldo 31.12.2013</b> .....	<b>1.995</b>	<b>29.781</b>	<b>2.350</b>	<b>(109.606)</b>	<b>(75.480)</b>
Aplicación del resultado .....	—	(109.606)	—	109.606	—
Otro Resultado Global - Variación por diferencias de conversión .....	—	—	(708)	—	(708)
Reducciones por combinaciones de negocios .....	—	(19.314)	—	—	(19.314)
Resultado del ejercicio .....	—	—	—	(1.183)	(1.183)
Otras variaciones .....	—	(123)	—	—	(123)
<b>Saldo 31.12.2014</b> .....	<b>1.995</b>	<b>(99.262)</b>	<b>1.642</b>	<b>(1.183)</b>	<b>(96.808)</b>
Aumentos de Capital .....	5.625	90.000	—	—	95.625
Aplicación del resultado .....	—	(1.183)	—	1.183	—
Otro Resultado Global - Variación por diferencias de conversión .....	—	—	5.482	—	5.482
Incrementos por combinaciones de negocios .....	—	1.687	—	—	1.687
Resultado del ejercicio .....	—	—	—	44.556	44.556
Otras variaciones .....	—	130	—	—	130
<b>Saldo 31.12.2015</b> .....	<b>7.620</b>	<b>(8.628)</b>	<b>7.124</b>	<b>44.556</b>	<b>50.672</b>

Las notas 1 a 29 descritas y los Anexos forman parte integrante de los estados financieros consolidados al 31 de diciembre de 2015.

**CORPORACIÓN ACCIONA WINDPOWER, S.L. Y SOCIEDADES DEPENDIENTES**  
(Grupo Consolidado)

**ESTADOS DE FLUJOS DE EFECTIVO CONSOLIDADOS DE LOS EJERCICIOS 2015 Y 2014**  
(miles de euros)

	<u>31.12.15</u>	<u>31.12.14</u>
Resultado antes de impuestos y participaciones no dominantes .....	63.340	(10.223)
Amortizaciones .....	21.655	22.793
Correcciones valorativas por deterioro .....	3.700	—
Correcciones valorativas de activos corrientes .....	1.619	1.804
Resultado de la enajenación de activos no corrientes .....	(756)	(119)
Ingresos financieros .....	(2.541)	(3.340)
Gastos financieros .....	9.516	14.079
Diferencias de cambio .....	(2.592)	1.977
Otros resultados que no generan movimientos de fondos .....	543	45
<b>Flujos de efectivo de las operaciones .....</b>	<b><u>94.483</u></b>	<b><u>27.016</u></b>
Variación de existencias .....	(38.752)	(12.015)
Ingresos financieros .....	2.541	3.340
Gastos financieros .....	(8.614)	(14.079)
Pago por Impuesto sobre Sociedades .....	6.251	—
Variación en activo corriente .....	31.042	(37.843)
Variación en pasivo corriente .....	(97.329)	137.751
<b>Flujos netos de efectivo de las actividades de explotación .....</b>	<b><u>(104.861)</u></b>	<b><u>77.154</u></b>
Adquisición de inmovilizado material .....	(26.708)	(32.574)
Adquisición de inmovilizado intangible .....	(4.353)	(2.716)
Cobros por enajenación de inmovilizado material, intangible y activos financieros no corrientes .....	65.975	—
Pagos por inversiones en empresas del grupo .....	—	15.053
Otros flujos de actividades de inversión .....	(486)	—
<b>Flujos netos de efectivo de las actividades de inversión .....</b>	<b><u>34.428</u></b>	<b><u>(20.237)</u></b>
Emisión de instrumentos de patrimonio .....	95.625	—
Pago de deudas con entidades de crédito a corto y largo plazo .....	(2.343.079)	(1.727.005)
Cobros de deudas con entidades de crédito a corto y largo plazo .....	2.315.488	1.548.092
Pagos de deudas con empresas del grupo .....	(646.938)	(707.124)
Cobros de deudas con empresas del grupo .....	574.988	792.260
Cobros por subvenciones .....	(393)	2.206
Flujo neto de otros activos financieros corrientes .....	(24.668)	10.106
<b>Flujos netos de efectivo de las actividades de financiación .....</b>	<b><u>(28.977)</u></b>	<b><u>(81.465)</u></b>
<b>Variación de efectivo y medios líquidos equivalentes .....</b>	<b><u>(4.927)</u></b>	<b><u>2.468</u></b>
<b>Saldo inicial de efectivo y medios líquidos equivalentes .....</b>	<b><u>14.543</u></b>	<b><u>12.075</u></b>
<b>Saldo final de efectivo y medios líquidos equivalentes .....</b>	<b><u>9.616</u></b>	<b><u>14.543</u></b>

Las notas 1 a 29 descritas y los Anexos forman parte integrante de los estados financieros consolidados al 31 de diciembre de 2015.

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**1. Actividades del Grupo**

Corporación Acciona Windpower, S.L. (en adelante la Sociedad o la Sociedad Dominante), se constituyó como sociedad limitada el 22 de diciembre de 2008. Su domicilio social y sus oficinas centrales se encuentran ubicados en Sarriñena (Navarra).

De acuerdo con el capítulo III sección Primera del TRLSC aprobado por el RDL 1/ 2010, de 2 de julio, Corporación Acciona Windpower, S.L., Sociedad Dominante del Grupo, se encontraba inscrita en el Registro Mercantil como Sociedad Unipersonal.

El objeto social de la Sociedad consiste:

- La fabricación, diseño, desarrollo tecnológico y comercialización de aerogeneradores y de cualquiera de sus componentes.
- La prestación de servicios de vigilancia, operación, mantenimiento, reparación y construcción de instalaciones complejas especializadas, en particular de producción de energía eólica.
- La intermediación y coordinación en la prestación de servicios de ingeniería.
- La realización de estudios e investigaciones sobre energías renovables y el fomento de su aplicación mediante la difusión de las tecnologías necesarias para su desarrollo.
- La compra, venta o cesión por cualquier título de “know-how”, tecnología, patentes, modelos de utilidad y derechos de propiedad industrial.
- La celebración de contratos de agencia, distribución, representación, comisión o concesión mercantil, relacionadas con las actividades anteriores.

La Sociedad es la cabecera de un grupo de empresas, nacionales e internacionales, que constituyen el Grupo Corporación Acciona Windpower, S.L. (en adelante el Grupo) que se detallan en el Anexo I, que realizan su actividad fundamentalmente en el sector de fabricación de aerogeneradores y en la producción de energía en las instalaciones eólicas de las que, hasta el 31 de diciembre de 2015, son titulares, las cuales han sido vendidas en diciembre de 2015 (véase nota 4). Durante los ejercicios 2015 y 2014 se han producido las modificaciones en el perímetro de la consolidación que se detallan en el Anexo II.

La Sociedad pertenece a un grupo de empresas encabezado por Acciona, S.A. (véase nota 10.a)), sociedad que tiene sus acciones admitidas a cotización en la Bolsa de Madrid. Las sociedades del Grupo Acciona participan en varios sectores de la actividad económica. El Grupo Corporación Acciona Windpower, S.L. se encuadra en la División de Acciona Energía cuya actividad se centra en el desarrollo, construcción, explotación, mantenimiento y la actividad industrial de las instalaciones de energía renovables.

Regulación del entorno de producción eléctrica

*España*

El RD 661/2007 establecía en su artículo 24 la opción de vender a mercado, con unos límites superiores (“techo”) y límites inferiores (“suelo”) al precio agregado (precio de mercado más la prima) aplicable a venta de energía en mercado, o bien percibir una tarifa fija regulada.

En el año 2013 se aprobó el Real Decreto Ley 2/2013 de 1 de febrero de medidas urgentes en el sector eléctrico. Este RDL, aplicable desde el 1 de enero de 2013, modificaba el RD 661/2007 fijando las primas de todas las tecnologías en el valor cero, y eliminando los suelos y techos de la opción de venta a mercado, permaneciendo la opción de venta a tarifa. También modificaba el coeficiente de actualización anual de dichas tarifas, referenciándolo a la inflación subyacente en lugar de al IPC. Este RDL estableció que los titulares de las instalaciones debían elegir entre la venta de la energía bajo la opción de tarifa regulada o la opción de venta de la energía libremente en el mercado sin percibir su prima. Una vez elegida una opción, ésta es irrevocable.

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Dicho marco retributivo tuvo un corto periodo de duración ya que con fecha 13 de julio de 2013 se publicó el Real Decreto-ley 9/2013, por el que se adoptan medidas urgentes para garantizar la estabilidad financiera del sistema eléctrico. Este Real Decreto, que entró en vigor el 14 de julio de 2013, derogó entre otros el Real Decreto 661/2007, de 25 de mayo, y el Real Decreto 6/2009, de 30 de abril, decretos a los que estaban acogidas, en cuanto a marco retributivo de apoyo a las energías renovables se refieren, la instalación de producción eléctrica. Este RDL introdujo cambios sustanciales en el marco jurídico y económico aplicable.

A efectos prácticos este RDL supuso que los parques experimentales que posee el Grupo eligiese a partir del año 2013 la opción de venta a tarifa fija.

Esta nueva regulación supone que, adicionalmente a la retribución por la venta de la energía generada valorada al precio del mercado, las instalaciones podrán percibir una retribución específica compuesta por un término por unidad de potencia instalada, que cubra, cuando proceda, los costes de inversión de una instalación tipo que no pueden ser recuperados por la venta de la energía y un término a la operación que cubra, en su caso, la diferencia entre los costes de explotación y los ingresos por la participación en el mercado de dicha instalación tipo.

Para el cálculo de dicha retribución específica se consideran, para una instalación tipo, a lo largo de su vida útil regulatoria y en referencia a la actividad realizada por una empresa eficiente y bien gestionada:

- a) Los ingresos estándar por la venta de la energía generada valorada al precio del mercado de producción.
- b) Los costes estándar de explotación.
- c) El valor estándar de la inversión inicial.

Con estos parámetros, que, excepto el de la inversión inicial, podrán ser modificados cada tres años, se pretende no sobrepasar el nivel mínimo necesario para cubrir los costes que permitan competir a las instalaciones en nivel de igualdad con el resto de tecnologías en el mercado y que posibiliten obtener una rentabilidad razonable. En cuanto a la rentabilidad razonable el Real Decreto indica que girará, antes de impuestos, sobre el rendimiento medio en el mercado secundario de las Obligaciones del Estado a diez años aplicando el diferencial adecuado. La disposición adicional primera del Real Decreto-ley 9/2013 fija el diferencial adecuado para aquellas instalaciones acogidas al régimen económico primado en 300 puntos básicos, todo ello, sin perjuicio de una posible revisión cada seis años.

Asimismo, indicar que en diciembre de 2013 se publicó la Ley 24/2013, que sustituye a la Ley 54/1997 del Sector Eléctrico, y que da marco a la nueva situación, haciendo desaparecer la figura de régimen especial y apareciendo la de retribución específica, estableciendo el criterio para la definición de la rentabilidad razonable de las instalaciones.

El 6 de junio de 2014 se emitió, publicándose el 10 de junio de 2014 en el BOE, el Real Decreto 413/2014, por el que se regula la actividad de producción de energía eléctrica a partir de fuentes de energía renovable, cogeneración y residuos. Como desarrollo del mismo, el 20 de junio de 2014 se emitió, publicándose el 29 de junio de 2014 en el BOE, la Orden definitiva IET 1045/2014 que contiene los parámetros retributivos finales aplicables a todas las instalaciones renovables, tanto existentes como futuras. El nuevo modelo resultante define la retribución de los activos aplicable desde el 14 de julio de 2013, como consecuencia del RD-L 9/2013.

Adicionalmente a la normativa anteriormente mencionada, es de aplicación a la instalación del Grupo la Ley 15/2012 de medidas fiscales para la sostenibilidad energética, que afecta desde el año 2013 a todas las instalaciones de producción de energía eléctrica en España. En lo que a las instalaciones del Grupo se refiere, todas ellas quedaron sujetas al impuesto sobre el valor de la energía eléctrica, que supone un gravamen del 7% sobre los ingresos por venta de energía.

La totalidad de las instalaciones propiedad del Grupo que operan en el mercado español lo hacen libremente en el mercado vendiendo la energía al “pool” a través de la sociedad Acciona Green Energy Development, S.L., sociedad perteneciente al Grupo y que actúa únicamente a efectos de intermediación.

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*Estados Unidos*

Tanto el Gobierno Federal como los Gobiernos en la mayoría de los estados han implantado medidas de ayuda para promover el desarrollo de la producción de energía eléctrica a partir de fuentes renovables. En este sentido, las principales medidas creadas para apoyar el desarrollo de la energía eólica son los RPS (Renewable Portfolio Standards) a nivel estatal, los créditos fiscales a nivel federal (Production Tax Credits) y la posibilidad de realizar amortizaciones aceleradas de activos vinculados a las instalaciones de producción de energía.

El “RPS” es una política de mercado establecida libremente por algunos estados que obliga a que una proporción mínima del suministro de electricidad provenga de energías renovables. Los porcentajes varían entre estados, estando la mayoría entre el 10 y el 20% del suministro en los años 2010 a 2015. La puesta en práctica se suele hacer con los REC’s (Renewable Energy Credits), un sistema de certificados negociables que verifican que un kWh de electricidad haya sido generado por una fuente renovable. Al final de un año, los generadores de electricidad deben tener suficientes certificados para cubrir su cuota anual, imponiéndose sanciones en caso de incumplimiento.

Los PTC’s conceden a la electricidad generada una deducción fiscal durante los 10 primeros años de operación de un importe por MWh ajustado anualmente en base al IPC (regulado en la “Energy Policy Act”). La política se ha ampliado para cubrir otras fuentes de generación de energía renovable y a lo largo del ejercicio se ha ampliado el periodo de aplicación de este beneficio hasta el 2014.

En el año 2005, el Congreso estableció un crédito fiscal a la inversión del 30% (“Investment Tax Credit” o ITC) aplicable inicialmente a proyectos de energía solar. En el año 2009, se aprobó una Ley por la que las empresas que podían acceder al régimen de PTC pudieran recibir a cambio ITC o, alternativamente, recibir un pago equivalente al 30% de la inversión subvencionable para proyectos que iniciaran la construcción no más tarde del 21 de diciembre de 2011 y puestos en servicio antes del 1 de enero de 2013 (en el caso de instalaciones eólicas) y otros plazos en el resto de instalaciones de otro tipo de generación de energía renovable.

El objetivo de estos programas es favorecer la competitividad entre la generación de producción eléctrica mediante el uso de energías renovables en relación con la producida por instalaciones de combustibles fósiles o por las centrales nucleares.

Existe también otro beneficio fiscal ligado a la capacidad del propietario del parque eólico de aprovecharse de la amortización acelerada en la mayoría de los activos de capital (Modified Accelerated Cost Recovery – MACR’s), que se pueden trasladar fiscalmente a un periodo medio de amortización de cinco años. Este beneficio no tiene fecha de caducidad.

## **2. Bases de presentación de los estados financieros y principios de consolidación**

### **2.1 Bases de presentación y comparación de la información**

Los estados financieros consolidados de Corporación Acciona Windpower, S.L. y Sociedades Dependientes (en adelante el Grupo o el Grupo Corporación Acciona Windpower) del ejercicio 2015 han sido formulados por los Administradores de la Sociedad Dominante el día 24 de febrero de 2016, de forma que muestran la imagen fiel del patrimonio y de la situación financiera consolidada del Grupo al 31 de diciembre de 2015 y del rendimiento financiero consolidado, de los cambios en el estado consolidado de ingresos y gastos reconocidos, de los cambios en el patrimonio neto consolidado y de los flujos de efectivo consolidado que se han producido en el Grupo en el ejercicio terminado en esa fecha.

Estos estados financieros se han preparado de acuerdo con el marco normativo de información financiera que resulta de aplicación y en particular, de acuerdo con los principios y criterios establecidos por las Normas Internacionales de Información Financiera (NIIF) (International Financial Reporting Standards o IFRS), según han sido adoptadas por la Unión Europea, de conformidad con el Reglamento (CE) nº 1606/2002 del Parlamento Europeo y del Consejo, y demás disposiciones del marco normativo de información financiera que resultan de aplicación. En la nota 3 se resumen los principios contables y criterios de valoración de carácter obligatorio más significativos aplicados, las alternativas que la normativa permite a este respecto así como las normas e interpretaciones emitidas no vigentes a la fecha de formulación de estos estados financieros consolidados.

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Estos estados financieros consolidados han sido preparados a partir de los registros de contabilidad mantenidos por la Sociedad Dominante y por las restantes entidades integradas en el Grupo.

El Grupo Corporación Acciona Windpower presenta estados financieros consolidados de forma voluntaria al no tener obligación de formular cuentas anuales consolidadas, conforme a la exención prevista en el Código de Comercio para los subgrupos cuya Sociedad Dominante está sometida a la legislación de un Estado miembro de la Unión Europea.

El Grupo Corporación Acciona Windpower se integra en las cuentas anuales consolidadas del Grupo Acciona, S.A., las cuales han sido depositadas en el Registro Mercantil de Madrid.

Los estados financieros consolidados de 2015 presentan a efectos comparativos, con cada una de las partidas del estado de situación consolidado, de la cuenta de resultados consolidada, del estado de resultado global consolidado, del estado de cambios en el patrimonio neto consolidado, del estado de flujos de efectivo consolidado y de las notas explicativas, además de las cifras correspondientes al ejercicio 2015, las correspondientes al ejercicio anterior que han sido obtenidas mediante la aplicación consistente de las NIIF-UE.

De acuerdo con la Resolución de 29 de enero de 2016 del Instituto de Contabilidad y Auditoría de Cuentas sobre la información a incorporar los estados financieros consolidados en relación con el periodo medio de pago a proveedores en operaciones comerciales, la nota 16 no incluye información comparativa correspondiente a esta nueva obligación.

Los estados financieros consolidados del Grupo Corporación Acciona Windpower, S.L. y las cuentas anuales de las entidades integradas en el Grupo, correspondientes al ejercicio 2015, se encuentran pendientes de aprobación. No obstante, el Órgano de Administración de la Sociedad Dominante entiende que dichas cuentas anuales serán aprobadas sin modificaciones significativas.

Estos estados financieros consolidados se presentan, salvo indicación en contrario, en miles de euros por ser ésta la moneda de presentación que es también la moneda funcional de la Sociedad Dominante. Las operaciones en el extranjero se incluyen de conformidad con las políticas establecidas en las notas 2.2.e) y 3.2.O).

## **2.2 Principios de consolidación**

### **a. Métodos de integración**

La consolidación se ha realizado por el método de integración global para aquellas sociedades sobre las que directa o indirectamente, a través de dependientes, ejerce control. Estas sociedades son consideradas entidades dependientes, el método de consolidación se explica en el apartado b) de esta misma nota y se detallan en el Anexo I.

En aquellos casos en los que se gestiona con terceros una operación conjunta, y se concluye que el partícipe tiene derechos y obligaciones directas por su parte proporcional de los activos y pasivos del acuerdo, se aplica el método de integración proporcional. A 31 de diciembre de 2015 y 2014 no existen en el Grupo sociedades de este tipo.

Por último, aquellas sociedades, no incluidas entre las anteriores, en que se posee una capacidad de influencia significativa en la gestión o son negocios conjuntos, constituyen entidades asociadas que se presentan valoradas por el “método de participación” o puesta en equivalencia. A 31 de diciembre de 2015 y 2014 no existen en el Grupo sociedades de este tipo.

### **b. Entidades dependientes**

Se consideran entidades dependientes aquellas sobre las que la Sociedad tiene capacidad para ejercer control. La Sociedad controla a una entidad dependiente cuando por su implicación en ella está expuesta, o tiene derecho, a



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unos rendimientos variables y tiene la capacidad de influir en dichos rendimientos a través del poder que ejerce sobre la misma. La Sociedad tiene el poder cuando posee derechos sustantivos en vigor que le proporcionan la capacidad de dirigir las actividades relevantes. La Sociedad está expuesta, o tiene derecho, a unos rendimientos variables por su implicación en la entidad dependiente cuando los rendimientos que obtiene por dicha implicación pueden variar en función de la evolución económica de la entidad.

Las cuentas anuales de las entidades dependientes se consolidan con las de la Sociedad por aplicación del método de integración global. Consecuentemente, todos los saldos y efectos de las transacciones efectuadas entre las sociedades consolidadas que son significativos, así como los beneficios o pérdidas no realizadas, han sido eliminados en el proceso de consolidación.

En el momento de la adquisición de una sociedad dependiente, los activos y pasivos y los pasivos contingentes de una sociedad dependiente se calculan a sus valores razonables en la fecha de adquisición que da lugar a la toma de control según indica la NIIF 3- Combinaciones de negocios. Cualquier exceso del coste de adquisición respecto a los valores razonables de los activos netos identificados se reconoce como fondo de comercio. Si el coste de adquisición es menor que el valor razonable de los activos netos identificables, la diferencia se imputa a resultados en la fecha de adquisición.

La consolidación de los resultados generados por las sociedades adquiridas en un ejercicio se realiza tomando en consideración, únicamente, los relativos al período comprendido entre la fecha de adquisición y el cierre de ese ejercicio. Paralelamente, la consolidación de los resultados generados por las sociedades enajenadas en un ejercicio se realiza tomando en consideración, únicamente, los relativos al período comprendido entre el inicio del ejercicio y la fecha de enajenación.

Adicionalmente la participación no dominante se registra en la fecha de adquisición por el porcentaje de participación en los valores razonables de los activos y pasivos identificables reconocidos.

La participación no dominante, se presenta dentro del capítulo de Patrimonio Neto del Grupo. Análogamente, su participación en los resultados del ejercicio, se presentan en el epígrafe “Participaciones no dominantes” de la cuenta de resultados consolidada.

**c. Eliminaciones de consolidación**

Todos los saldos y efectos de las transacciones significativos efectuados entre las sociedades dependientes, así como los beneficios o pérdidas no realizadas han sido eliminados en el proceso de consolidación.

**d. Homogeneización**

La consolidación de las entidades que conforman el perímetro de consolidación ha sido realizada a partir de sus cuentas anuales individuales que son preparadas conforme al Plan General de Contabilidad Español para aquellas sociedades residentes en España y conforme a su propia normativa local para las sociedades extranjeras. Todos los ajustes significativos necesarios para adaptarlas a Normas Internacionales de Información Financiera y/o homogeneizarlas con criterios y políticas contables del Grupo, han sido considerados en el proceso de consolidación. Las cuentas anuales o estados financieros de las entidades dependientes utilizados en el proceso de consolidación están referidos a la misma fecha de presentación y mismo periodo que los de la Sociedad dominante.

**e. Diferencias de conversión**

En la consolidación, los activos y pasivos monetarios de las sociedades en el extranjero del Grupo con moneda funcional distinta del euro, se convierten según los tipos de cambio vigentes en la fecha del estado de situación. Las partidas de ingresos y gastos se convierten según los tipos de cambio medios del ejercicio, a menos que éstos fluctúen de forma significativa. Las cuentas de capital y reservas se convierten a los tipos de cambio históricos. Las diferencias de cambio que resulten, en su caso, se clasifican como patrimonio neto. Dichas diferencias de conversión se reconocen como ingresos o gastos en el período en que se realiza o enajena la inversión.

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**f. Variaciones del perímetro de consolidación**

En el Anexo II se muestran los cambios habidos en los ejercicios 2015 y 2014 en el perímetro de consolidación. Los impactos en los estados financieros consolidados adjuntos se muestran en las correspondientes notas de esta memoria.

Como variación del perímetro relevante, durante el ejercicio 2014 destacó la adquisición, en octubre de 2014, de la participación en la totalidad del capital social de Acciona Windpower North America, L.L.C. a una sociedad del Grupo Acciona Energía, S.A. Esta sociedad se dedica al montaje e instalación de aerogeneradores en Estados Unidos.

Durante 2015 destacar como variación del perímetro relevante la venta, en Diciembre de este año, de la participación de Acciona Windpower North America, L.L.C. en la totalidad del capital social de Anchor Wind L.L.C a una sociedad del grupo Acciona Energía, S.A.

**3. Principales políticas contables**

**3.1 Adopción de nuevas normas e interpretaciones emitidas**

Normas e interpretaciones efectivas en el presente ejercicio

Durante el ejercicio 2015 han entrado en vigor nuevas normas, modificaciones e interpretaciones contables que, por tanto, han sido tenidas en cuenta en la elaboración de los estados financieros consolidados adjuntos.

<u>Normas, modificaciones e interpretaciones:</u>	<u>Descripción</u>	<u>Aplicación obligatoria ejercicios iniciados a partir de:</u>
<b><u>Aprobadas para uso en UE</u></b>		
CINIIF 21 – Gravámenes (publicada en mayo de 2013)	Interpretación sobre cuando reconocer un pasivo por tasas o gravámenes con la Administración.	17 de junio de 2014
Mejoras a las NIIF Ciclo 2011-2013 (publicadas en diciembre de 2013)	Modificaciones menores de una serie de normas.	1 de enero de 2015

La aplicación de la CINIIF 21 ha supuesto en el Grupo una modificación del momento de registro de algunas tasas, especialmente el IBI, que anteriormente se periodificaba a lo largo del año, y ahora se reconoce como gasto el 1 de enero. No obstante, dada la naturaleza de este cambio contable, que adicionalmente no es significativo, no ha tenido impacto en la cuenta de resultados consolidada del ejercicio y por los mismos motivos, tampoco ha sido necesario realizar ninguna modificación con carácter retroactivo.

El resto de normas se han aplicado sin que hayan tenido impactos significativos ni en las cifras reportadas ni en la presentación y desglose de la información, bien por no suponer cambios relevantes, bien por referirse a hechos económicos que no afectan al Grupo.

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Normas e interpretaciones emitidas no vigentes

A la fecha de preparación de estos estados financieros consolidados, las siguientes son las normas e interpretaciones más significativas que han sido publicadas por el IASB pero no han entrado aún en vigor, bien porque su fecha de efectividad es posterior a la fecha de los estados financieros consolidados, o bien porque no han sido aún adoptadas por la Unión Europea:

<b>Normas, modificaciones e interpretaciones:</b>	<b>Descripción</b>	<b>Aplicación obligatoria ejercicios iniciados a partir de:</b>
<b><u>Aprobadas para uso en UE</u></b>		
Modificación de NIC 19 – Contribuciones de empleados a planes de prestación definida (publicada en noviembre de 2013)	La modificación se emite para poder facilitar la posibilidad de deducir estas contribuciones del coste del servicio en el mismo período en que se pagan si se cumplen ciertos requisitos.	1 de febrero de 2015
Mejoras a las NIIF ciclo 2010-2012 (publicada en diciembre 2013).	Modificaciones menores de una serie de normas.	1 de febrero de 2015
Modificación de la NIC 16 y NIC 38 - Métodos aceptables de depreciación y amortización (publicada en mayo de 2014).	Clarifica los métodos aceptables de amortización y depreciación del inmovilizado material e intangible, que no incluyen los basados en ingresos.	1 de enero de 2016
Modificación a la NIIF 11- Contabilización de las adquisiciones de participaciones en operaciones conjuntas (publicada en mayo de 2014).	Especifica la forma de contabilizar la adquisición de una participación en una operación conjunta cuya actividad constituye un negocio.	1 de enero de 2016
Modificación de la NIC 16 y NIC 41 – Plantas productoras (publicada en junio de 2014).	Las plantas productoras pasarán a llevarse a coste, en lugar de a valor razonable.	1 de enero de 2016
Mejoras a las NIIF ciclo 2012-2014 (publicada en septiembre de 2014).	Modificaciones menores de una serie de normas.	1 de enero de 2016
Modificación a la NIC 27 – Método de puesta en equivalencia en estados financieros separados (publicada en agosto de 2014)	Se permitirá la puesta en equivalencia en los estados financieros individuales de un inversor	1 de enero de 2016
Modificaciones a la NIC 1: iniciativa de desgloses (diciembre de 2014).	Aclaraciones en relación con los desgloses (materialidad, agregación, orden de las notas...)	1 de enero de 2016
<b><u>No aprobadas para su uso en UE</u></b>		
NIIF 9 - Instrumentos financieros (última fase publicada en julio de 2014)	Sustituye a los requisitos de clasificación, valoración, reconocimiento y baja en cuentas de activos y pasivos financieros, contabilidad de coberturas y deterioro de NIC 39.	1 de enero de 2018
NIIF 15 – Ingresos procedentes de contratos con clientes (publicada en mayo de 2014)	Nueva norma de reconocimiento de ingresos (sustituye a la NIC 11, NIC 18, IFRIC 13, IFRIC 15, IFRIC 18 y SIC 31).	1 de enero de 2018
NIIF 16 – Arrendamientos (publicada en enero de 2016)	Nueva norma de arrendamientos (sustituye a la NIC 17)	1 de enero de 2019

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<b>Normas, modificaciones e interpretaciones:</b>	<b>Descripción</b>	<b>Aplicación obligatoria ejercicios iniciados a partir de:</b>
Modificación a la NIIF 10 y NIC 28 – Venta o aportación de activos entre un inversor y su asociada / negocio conjunto (publicada en septiembre de 2014).	Clarificación en relación al resultado de estas operaciones si se trata de negocios o activos	Pospuesta indefinidamente
Modificación a la NIIF 10, NIIF 12 y NIC 28 – Sociedades de inversión (diciembre de 2014).	Clarificación sobre la excepción de consolidación de las sociedades de inversión	—
Modificaciones a la NIC 12: Reconocimiento de activos por impuesto diferido por pérdidas no realizadas (publicada en enero de 2016)	Clarificación sobre el reconocimiento de activos por impuesto diferido por las pérdidas no-realizadas relacionadas con instrumentos de deuda medidos a valor razonable	1 de enero de 2017
Modificaciones a la NIC 7: iniciativa de desgloses (publicada en enero de 2016)	Propone desglosar saldos iniciales y finales de los estados financieros de las partidas cuyo flujo de efectivo se clasifica como actividad de financiación.	1 de enero de 2017

- NIIF 9 - Instrumentos financieros:

NIIF 9 sustituirá en el futuro a la NIC 39. Existen diferencias muy relevantes con la norma actual en relación con los activos financieros, entre otras, la aprobación de un nuevo modelo de clasificación basado en dos únicas categorías de coste amortizado y valor razonable, la desaparición de las actuales clasificaciones de “Inversiones mantenidas hasta el vencimiento” y “Activos financieros disponibles para la venta”, un nuevo modelo de deterioro basado en pérdidas esperadas en lugar de pérdidas incurridas y también una contabilidad de coberturas que trata de alinear la contabilidad con la gestión económica del riesgo.

A fecha actual el Grupo no dispone de instrumentos financieros significativos objeto de esta norma.

- NIIF 15 – Reconocimiento de ingresos:

La NIIF 15 – Ingresos procedentes de contratos con clientes es la nueva norma de reconocimiento de ingresos con clientes, que va a sustituir en los ejercicios iniciados a partir del 1 de enero de 2018 a las siguientes normas e interpretaciones vigentes actualmente: NIC 11 – Contratos de construcción, NIC 18 – Ingresos de actividades ordinarias, IFRIC 13 – Programas de fidelización de clientes, IFRIC 15 – Acuerdo para la construcción de inmuebles, IFRIC 18 – Transferencias de activos procedentes de clientes y SIC 31 – Ingresos- Permutas de servicios de publicidad.

A fecha actual todavía no se ha finalizado el análisis de los futuros impactos de la adopción de esta norma.

- NIIF 16 – Arrendamientos:

La NIIF 16 – Arrendamientos, va a sustituir en los ejercicios iniciados a partir del 1 de enero de 2019 a la NIC 17 – Arrendamientos. Esta nueva norma propone para el arrendatario un modelo único en el que todos los arrendamientos (se podrán excluir los arrendamientos poco significativos y aquellos con un período de arrendamiento inferior a doce meses) se registrarán en el balance de forma similar a los actuales arrendamientos financieros (imputando gasto financiero por el coste amortizado del pasivo y amortización por el derecho de uso). Se mantiene para el arrendador un modelo dual basado en la actual NIC 17 y los arrendamientos serán financieros u operativos.

A fecha actual todavía no se han analizado los futuros impactos de la adopción de esta norma.

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A excepción de lo citado en los párrafos anteriores, los Administradores de la Sociedad Dominante no esperan modificaciones significativas por la introducción del resto de normas, modificaciones de normas e interpretaciones publicadas pero que no han entrado en vigor, al ser aplicaciones de carácter prospectivo, modificaciones de presentación y desglose y/o al tratar aspectos no aplicables a las operaciones del Grupo.

### **3.2. Normas de valoración**

Las principales normas de valoración utilizadas en la elaboración de los estados financieros consolidados del Grupo, de acuerdo con lo establecido por las Normas Internacionales de Información Financiera (NIIF-UE) adoptadas por la Unión Europea, han sido las siguientes:

#### **A) Combinaciones de negocios**

El Grupo aplicó la excepción contemplada en la NIIF 1 “Adopción por primera vez de las Normas Internacionales de Información Financiera” por lo que sólo las combinaciones de negocios efectuadas a partir del 1 de enero de 2004, fecha de transición a las NIIF-UE, han sido registradas mediante el método de adquisición. Las adquisiciones de entidades efectuadas con anterioridad a dicha fecha se registraron de acuerdo con los PCGA anteriores, una vez consideradas las correcciones y ajustes necesarios en la fecha de transición.

El Grupo ha aplicado la NIIF 3 “Combinaciones de negocios” revisada en 2008 en las transacciones realizadas a partir del 1 de enero de 2010.

En las combinaciones de negocios, el Grupo aplica el método de adquisición.

La fecha de adquisición es aquella en la que el Grupo obtiene el control del negocio adquirido.

La contraprestación entregada por la combinación de negocios se determina en la fecha de adquisición por la suma de los valores razonables de los activos entregados, los pasivos incurridos o asumidos, los instrumentos de patrimonio neto emitidos y cualquier contraprestación contingente que dependa de hechos futuros o del cumplimiento de ciertas condiciones a cambio del control del negocio adquirido.

La contraprestación entregada, excluye cualquier desembolso que no forma parte del intercambio por el negocio adquirido. Los costes relacionados con la adquisición se reconocen como gasto a medida que se incurren.

El Grupo reconoce en la fecha de adquisición los activos adquiridos y los pasivos asumidos por su valor razonable. Los pasivos asumidos incluyen los pasivos contingentes en la medida en que representen obligaciones presentes que surjan de sucesos pasados y su valor razonable pueda ser medido con fiabilidad.

Los activos y pasivos asumidos se clasifican y designan para su valoración posterior sobre la base de los acuerdos contractuales, condiciones económicas, políticas contables y de explotación y otras condiciones existentes en la fecha de adquisición, excepto los contratos de arrendamiento y de seguros.

En el ejercicio 2014 se produjo la adquisición a una sociedad del Grupo Acciona, del 100% de participación en las acciones de Acciona Windpower North America, LLC y Anchor Wind, LLC. Dichas adquisiciones, realizadas con efectos económicos 1 de octubre de 2014, se consideraron transacciones bajo control común, se realizaron a través de transacciones monetarias y se ejecutaron al valor razonable de las mismas en la fecha de adjudicación. La valoración de los activos y pasivos de las sociedades afectas por esta variación de perímetro han sido realizadas por el valor al que se encontraban registradas en el grupo consolidado antes de la adquisición, registrándose la diferencia como “Ganancias acumuladas”.

#### **B) Inmovilizado Material**

Los bienes de inmovilizado adquiridos para el uso en la producción o el suministro de bienes o servicios, o con fines administrativos, se reconocen en el estado de situación a coste de adquisición o coste de producción menos su amortización acumulada, y su pérdida acumulada por deterioro de valor.

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Los criterios para el reconocimiento de las pérdidas por deterioro de estos activos y de su caso, de las recuperaciones que de éstas puedan producirse con posterioridad se describen en el epígrafe D) de esta misma nota.

Los costes de ampliación, modernización o mejora que representan un aumento de la productividad, capacidad o eficiencia, o un alargamiento de la vida útil de los bienes, se activan como mayor coste de los correspondientes bienes. El coste de adquisición incluye los honorarios profesionales así como los gastos financieros devengados durante el período de construcción que sean directamente atribuibles a la adquisición, construcción o producción de activos cualificados, que son aquellos que requieren de un período de tiempo sustancial antes de estar listos para su uso. La tasa de interés utilizada es la correspondiente a la financiación específica o, de no existir, la tasa media de financiación de la sociedad que realiza la inversión.

Los bienes y elementos retirados, tanto si se producen como consecuencia de un proceso de modernización como si se debe a cualquier otra causa, se contabilizan dando de baja los saldos que presentan en las correspondientes cuentas de coste y de amortización acumulada.

Los trabajos que las sociedades del Grupo realizan para su propio inmovilizado se reflejan al coste acumulado que resulta de añadir, a los costes externos, los costes internos determinados en función de los consumos propios de materiales de almacén y los costes de fabricación incurridos y su capitalización se realiza mediante su abono en cuenta del epígrafe de “Otros ingresos” de la cuenta de resultados consolidada.

Los gastos de conservación y mantenimiento se cargan a la cuenta de resultados consolidada del ejercicio en que se incurren.

La amortización se calcula, generalmente, aplicando el método lineal, sobre el coste de adquisición de los activos menos su valor residual; entendiéndose que los terrenos sobre los que se asientan los edificios y otras construcciones tienen una vida útil indefinida y que, por tanto, no son objeto de amortización. Las sociedades amortizan su inmovilizado material distribuyendo el coste de los activos entre los años de vida útil estimada, resultando los siguientes porcentajes de amortización para los ejercicios 2015 y 2014:

**Porcentaje de amortización anual**

Construcciones .....	4%
Instalaciones técnicas y maquinaria .....	4%-15%
Otras instalaciones, utillaje y mobiliario .....	10%-20%
Otro inmovilizado .....	25%

El Grupo revisa el valor residual, la vida útil y el método de amortización del inmovilizado material al cierre de cada ejercicio. Las modificaciones en los criterios inicialmente establecidos se reconocen como un cambio de estimación.

Con posterioridad al reconocimiento inicial del activo, sólo se capitalizan aquellos costes incurridos que vayan a generar beneficios económicos futuros que se puedan calificar como probables y el importe de los mencionados costes se pueda valorar con fiabilidad. En este sentido, los costes derivados del mantenimiento diario del inmovilizado material se registran en resultados a medida que se incurren.

El Grupo, basándose en un análisis que contó con fuentes de información internas y externas, a través de expertos independientes de reconocido prestigio, realizó en el ejercicio 2014 una nueva estimación de la vida útil de sus parques experimentales pasando de 20 a 25 años. Este cambio de estimación, aplicado de forma prospectiva conforme a lo indicado en la norma contable, se realizó de acuerdo a la mejor información disponible a dicha fecha, de acuerdo a las fuentes mencionadas y resulta de un análisis basado en la experiencia adquirida en la gestión de los activos eólicos y es consistente con las proyecciones financieras que el Grupo ha establecido en los planes de negocio de dichos parques. En consecuencia, el epígrafe “Dotación a la amortización” de la cuenta de resultados consolidada incluyó el impacto de este cambio de estimación desde el 1 de enero de 2014, que supuso una menor amortización de 424 miles de euros en ese año. Este cambio afecta a todas las instalaciones eólicas nacionales e internacionales.



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Arrendamiento financiero

Los activos materiales adquiridos en régimen de arrendamiento financiero se registran en la categoría de activo a que corresponde el bien arrendado, amortizándose en su vida útil prevista siguiendo el mismo método que para los activos en propiedad.

C) Activo Intangible

Los activos intangibles se reconocen inicialmente por su coste de adquisición o producción y, posteriormente, se valoran a su coste menos, según proceda, su correspondiente amortización acumulada y las reducciones necesarias para reflejar las pérdidas por deterioro que hayan experimentado.

Todos los activos intangibles del Grupo tienen la consideración de intangibles con vida útil definida y se amortizan en función de la misma, aplicándose criterios similares a los adoptados para la amortización de los activos materiales y, básicamente, equivalen a los porcentajes de amortización siguientes (determinados en función de los años de la vida útil estimada, como promedio, de los diferentes elementos):

Porcentaje de amortización anual

Desarrollo . . . . .	20%
Concesiones administrativas y licencias . . . . .	33,3%
Aplicaciones informáticas . . . . .	20%

Las entidades consolidadas reconocen contablemente cualquier pérdida que haya podido producirse en el valor registrado de estos activos con origen en su deterioro, utilizándose como contrapartida el epígrafe “Resultado por deterioro de activos no corrientes” de la cuenta de resultados consolidada. Los criterios para el reconocimiento de las pérdidas por deterioro de estos activos y, en su caso, de las recuperaciones que de éstas puedan producirse con posterioridad son similares a los aplicados para los activos materiales (véase epígrafe D) de esta misma nota).

El Grupo revisa el valor residual, la vida útil y el método de amortización de los activos intangibles al cierre de cada ejercicio. Las modificaciones en los criterios inicialmente establecidos se reconocen como un cambio de estimación.

*- Investigación y desarrollo*

Los costes de actividades de investigación se reconocen como gasto en el período en que se incurren como criterio general. Los gastos de desarrollo del Grupo, fundamentalmente relacionados con la actividad eólica e industrial, únicamente se han capitalizado en la medida en que:

- El Grupo dispone de estudios técnicos que justifican la viabilidad del proceso productivo;
- Existe un compromiso del Grupo para completar la producción del activo de forma que se encuentre en condiciones de venta (o uso interno);
- El activo va a generar beneficios económicos suficientes;
- El Grupo dispone de los recursos técnicos y financieros para completar el desarrollo del activo.

Los costes de desarrollo se amortizan linealmente a lo largo de sus vidas útiles. Cuando no cumplen los criterios anteriormente mencionados, los costes de desarrollo se reconocen como gasto en el período en que se incurren.

*- Propiedad industrial*

La propiedad industrial corresponde a la concesión del uso por parte de terceros de determinadas patentes que se utilizan en el proceso productivo, que se valoran por su coste de adquisición y se amortizan en función de la fabricación y venta de unidades producidas bajo dichas patentes.



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*- Aplicaciones informáticas*

Los costes de adquisición y desarrollo incurridos en relación con los sistemas informáticos básicos en la gestión del Grupo se registran por su coste de adquisición.

Los costes de mantenimiento de los sistemas informáticos se registran con cargo a la cuenta de resultados consolidada del ejercicio en que se incurren.

**D) Deterioro del valor de los activos no financieros sujetos a amortización o depreciación**

En la fecha de cierre del estado de situación consolidado, el Grupo revisa los importes en libros de sus activos materiales e intangibles para determinar si existen indicios de que dichos activos hayan sufrido una pérdida por deterioro de valor. Si existe cualquier indicio, el importe recuperable del activo se calcula con el objeto de determinar el alcance de la pérdida por deterioro de valor (si la hubiera). El valor recuperable se debe calcular para un activo individual, a menos que el activo no genere flujos de efectivo que sean independientes de otros activos. En este caso, el Grupo calcula el importe recuperable de la unidad generadora de efectivo más pequeña identificable a la que pertenece el activo.

Adicionalmente, y con independencia de la existencia de deterioro de cualquier indicio de deterioro de valor, el Grupo realiza, al menos, anualmente pruebas de deterioro de valor de los activos intangibles que aún no se encuentran disponibles para su caso.

Si se estima que el importe recuperable de un activo (o una unidad generadora de efectivo) es inferior a su importe en libros, el importe en libros del activo (o unidad generadora de efectivo) se reduce a su importe recuperable. Inmediatamente se reconoce una pérdida por deterioro de valor como gasto.

El valor recuperable se debe calcular para un activo individual, a menos que el activo no genere entradas de efectivo que sean, en buena medida, independientes de las correspondientes a otros activos o grupos de activos. Si este es el caso, el importe recuperable se determina para la Unidad Generadora de Efectivo (UGE) a la que pertenece.

Al comprobar el deterioro de valor de una UGE, el Grupo identifica los activos comunes relacionados con la misma. Si una parte de los activos comunes se pueden asignar de forma razonable y consistente a la UGE, el Grupo compara el valor contable de la UGE, incluyendo los activos comunes, con el importe recuperable y reconoce, en su caso, la pérdida por deterioro de valor al nivel de la UGE. Si el Grupo no puede asignar una parte de los activos comunes de forma razonable y consistente a la UGE, el Grupo compara el valor contable de la unidad, sin los activos comunes, con el importe recuperable y reconoce, en su caso, la pérdida por deterioro de valor al nivel de la UGE. A continuación el Grupo identifica el grupo más pequeño de UGEs a las que se puede asignar el valor contable de los activos comunes de forma razonable y consistente y compara el valor contable del grupo de UGEs, incluyendo los activos comunes, con el importe recuperable y reconoce, en su caso, la pérdida por deterioro de valor al nivel del grupo de UGEs.

Cuando una pérdida por deterioro de valor revierte posteriormente, el importe en libros del activo (o unidad generadora de efectivo) se incrementa a la estimación revisada de su importe recuperable, pero de tal modo que el importe en libros incrementado no supere el importe en libros que se habría determinado de no haberse reconocido ninguna pérdida por deterioro de valor para el activo (o unidad generadora de efectivo) en ejercicios anteriores. Inmediatamente se reconoce una reversión de una pérdida por deterioro de valor como ingreso.

Las pérdidas relacionadas con el deterioro de valor de la UGE, reducen inicialmente, en su caso, el valor del fondo de comercio asignado a la misma y a continuación a los demás activos de la UGE, prorrateando en función del valor contable de cada uno de los activos, con el límite para cada uno de ellos del mayor de su valor razonable menos los costes de enajenación o disposición por otra vía, su valor en uso y cero.

El importe recuperable es el valor superior entre el valor razonable menos el coste de venta y el valor de uso, entendiendo por éste el valor actual de los flujos futuros de caja estimados.

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El importe de la reversión de la pérdida de valor de una UGE, se distribuye entre los activos de la misma, exceptuando el fondo de comercio, prorrateando en función del valor contable de los activos, con el límite por activo del menor de su valor recuperable y el valor contable que hubiera tenido, neto de amortizaciones, si no se hubiera registrado la pérdida.

**E) Arrendamientos – Contabilidad del arrendatario**

Los arrendamientos se clasifican como arrendamientos financieros siempre que, el inicio de los mismos y de acuerdo con las condiciones de los mismos, se transfieran sustancialmente al arrendatario los riesgos y beneficios derivados de la propiedad de los bienes objeto del contrato de arrendamiento. Los demás arrendamientos se clasifican como arrendamientos operativos.

*- Arrendamientos financieros*

Las entidades consolidadas que actúan como arrendatarias, presentan el coste de los activos arrendados en el estado de situación consolidado, según la naturaleza del bien objeto del contrato, y simultáneamente, un pasivo por un importe que será el menor del valor razonable del bien arrendado o de la suma de los valores actuales de las cantidades a pagar al arrendador más, en su caso, el precio de ejercicio de la opción de compra. Estos activos se amortizan con los mismos criterios a los aplicados a los activos materiales de uso propio de similar naturaleza. No obstante, si no existe una seguridad razonable de que el Grupo va a obtener la propiedad al final del plazo de arrendamiento de los activos, éstos se amortizan durante el menor de la vida útil o el plazo del mismo.

Los gastos financieros con origen en estos contratos se cargan a la cuenta de resultados consolidada mediante la aplicación del tipo de interés efectivo de forma que el coste financiero se mantenga constante a lo largo de la vida de los contratos.

*- Arrendamientos operativos*

En las operaciones de arrendamiento operativo, la propiedad del bien arrendado y sustancialmente todos los riesgos y ventajas que recaen sobre el bien permanecen en el arrendador, registrando éste dichos bienes por su coste de adquisición.

Cuando las entidades consolidadas actúan como arrendatarias, los gastos del arrendamiento netos de los incentivos recibidos, en su caso, por el arrendador, se cargan linealmente a sus cuentas de resultados.

Los beneficios cobrados y a cobrar en concepto de incentivo para formalizar un arrendamiento operativo también se distribuyen linealmente a lo largo de la duración del arrendamiento.

**F) Información a revelar sobre instrumentos financieros**

Los desgloses cualitativos y cuantitativos de los estados financieros consolidados relativos a instrumentos financieros, a la gestión de riesgos y a la gestión del capital desarrollan en las siguientes notas:

- Categorías de activos y pasivos financieros, incluyendo instrumentos financieros derivados y normas de valoración detallado en la nota 3.2 G).
- Clasificación de las valoraciones a valor razonable para activos financieros y para instrumentos financieros derivados según jerarquía de valor razonable establecida por NIIF 7 en la nota 3.2 G).
- Requisitos de desglose (información cuantitativa y cualitativa) sobre el capital detallado en la nota 10.
- Políticas contables y gestión de riesgos detalladas en la nota 13.

**G) Instrumentos financieros**

Los instrumentos financieros se clasifican en el momento de su reconocimiento inicial como un activo financiero, un pasivo financiero o un instrumento de patrimonio, de conformidad con el fondo económico del acuerdo contractual y con las definiciones de activo financiero, pasivo financiero o de instrumento de patrimonio desarrolladas en la NIC 32 “Instrumentos financieros: Presentación”.

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Los instrumentos financieros se reconocen cuando el Grupo se convierte a una parte obligada del contrato o negocio jurídico conforme a las disposiciones del mismo.

– Activos financieros no corrientes y corrientes, excepto derivados de cobertura

Los activos financieros mantenidos por las sociedades del Grupo se clasifican como:

- Créditos y cuentas a cobrar: activos financieros originados por las sociedades a cambio de suministrar efectivo, bienes o servicios directamente a un deudor. Se reconocen inicialmente por su valor razonable y se valoran posteriormente a su coste amortizado, correspondiendo éste al valor razonable inicial, menos las devoluciones del principal efectuadas, más los intereses devengados no cobrados calculados por el método del tipo de interés efectivo.
- Activos financieros mantenidos hasta el vencimiento: activos cuyos cobros son de cuantía fija o determinable y cuyo vencimiento está fijado en el tiempo. Con respecto a ellos, el Grupo manifiesta su intención y su capacidad para conservarlos en su poder desde la fecha de su compra hasta la de su vencimiento. Principalmente se recogen en este apartado las imposiciones a corto plazo, que se valoran según los criterios señalados en el apartado anterior aplicables a créditos y cuentas a cobrar.

Al cierre de cada ejercicio, la Dirección del Grupo evalúa si se han producido indicios que puedan evidenciar el deterioro de cualquier de los activos financieros consolidado valorados a coste amortizado. Un activo o grupo de activos financieros se deteriora sólo si hay evidencia objetiva de deterioro como resultado del suceso de uno varios eventos ocurridos tras el reconocimiento inicial del activo y que tendrán un efecto negativo estimable en los cash flows futuros de dicho activo o grupo de activos.

El importe de la pérdida por deterioro se valora como la diferencia entre el valor neto en libros y el valor presente de los flujos estimados de caja descontados a la tasa de interés efectivo original del activo, registrando dicha pérdida directamente en la cuenta de resultados consolidada del ejercicio en el que se produce. Si, posteriormente, el importe del deterioro se reduce y dicha reducción puede relacionarse de forma objetiva con un suceso ocurrido tras el reconocimiento inicial del deterioro, este se revierte a través de la cuenta de resultados consolidada en ese ejercicio.

Las compras y ventas de activos financieros se contabilizan utilizando la fecha de negociación.

– Bajas de activos financieros

El Grupo da de baja los activos financieros cuando expiran o se han cedido los derechos sobre los flujos de efectivo del correspondiente activo financiero y se han transferido sustancialmente los riesgos y beneficios inherentes a su propiedad, tales como en ventas en firme de activos, cesiones de créditos comerciales en operaciones de “factoring” en las que el Grupo no retiene ningún riesgo de crédito ni de interés, las ventas de activos financieros con pacto de recompra por su valor razonable o las titulizaciones de activos financieros en las que la empresa cedente no retiene financiaciones subordinadas ni concede ningún tipo de garantía o asume algún otro tipo de riesgo.

En las transacciones en las que se registra la baja de un activo financiero en su totalidad, los activos financieros obtenidos o los pasivos financieros, incluyendo los pasivos correspondientes a los servicios de administración incurridos, se registran a valor razonable.

En las transacciones en las que se registra la baja parcial de un activo financiero, el valor contable del activo financiero completo, se asigna a la parte vendida y a la parte mantenida, incluyendo los activos correspondientes a los servicios de administración, en proporción al valor razonable relativo de cada una de ellas.

La baja de un activo financiero en su totalidad implica el reconocimiento de resultados por la diferencia existente entre su valor contable y la suma de la contraprestación recibida, neta de gastos de la transacción, incluyéndose los activos obtenidos o pasivos asumidos y cualquier pérdida o ganancia diferida en otro resultado global.

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– Pasivos financieros

Los pasivos financieros, incluyendo acreedores comerciales y otras cuentas a pagar, que no se clasifican a valor razonable con cambios en resultados, se reconocen inicialmente por su valor razonable, menos, en su caso, los costes de transacción que son directamente atribuibles a la emisión de los mismos. Con posterioridad al reconocimiento inicial, los pasivos clasificados bajo esta categoría se valoran a coste amortizado utilizando el método del tipo de interés efectivo.

– Bajas y reclasificaciones de pasivos financieros

El Grupo da de baja un pasivo financiero o una parte del mismo cuando ha cumplido con la obligación contenida en el pasivo o bien esté legalmente dispensado de la responsabilidad principal contenida en el pasivo ya sea en virtud de un proceso judicial o por el acreedor.

El intercambio de instrumentos de deuda entre el Grupo y la contraparte o las modificaciones sustanciales de los pasivos inicialmente reconocidos, se contabilizan como una cancelación del pasivo financiero original y el reconocimiento de un nuevo pasivo financiero, siempre que los instrumentos tengan condiciones sustancialmente diferentes.

El Grupo considera que las condiciones son sustancialmente diferentes si el valor actual de los flujos de efectivo descontados bajo las nuevas condiciones, incluyendo cualquier comisión pagada neta de cualquier comisión recibida, y utilizando para hacer el descuento el tipo de interés efectivo original, difiere al menos en un 10 por ciento del valor actual descontado de los flujos de efectivo que todavía resten del pasivo financiero original.

Si el intercambio se registra como una cancelación del pasivo financiero original, los costes o comisiones se reconocen en resultados formando parte del resultado de la misma. En caso contrario los costes o comisiones ajustan el valor contable del pasivo y se amortizan por el método de coste amortizado durante la vida restante del pasivo modificado.

El Grupo reconoce la diferencia entre el valor contable del pasivo financiero o de una parte del mismo cancelado o cedido a un tercero y la contraprestación pagada, incluida cualquier activo cedido diferente del efectivo o pasivo asumido en resultados.

– Principios de compensación

Un activo financiero y un pasivo financiero son objeto de compensación sólo cuando el Grupo tiene el derecho exigible, legalmente de compensar los importes reconocidos y tiene la intención de liquidar la cantidad neta o de realizar el activo y cancelar el pasivo simultáneamente.

– Clasificación entre corriente y no corriente

En el estado de situación consolidado adjunto, los activos y las deudas se clasifican en función de sus vencimientos, es decir, como corrientes aquellas con vencimiento igual o inferior a doce meses y como no corrientes las de vencimiento superior a dicho período.

En el caso de aquellos préstamos cuyo vencimiento sea a corto plazo, pero cuya refinanciación a largo plazo esté asegurada a discreción de cada una de las sociedades del Grupo que ha recibido la financiación, mediante pólizas de crédito disponibles a largo plazo, se clasifican como pasivos no corrientes.

H) Existencias

Las existencias se valoran por el importe menor entre su coste de adquisición o producción y su valor neto realizable.

El coste de adquisición incluye el importe facturado por el vendedor después de deducir cualquier descuento, rebaja u otras partidas similares así como los intereses incorporados al nominal de los débitos y los gastos

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adicionales que se producen hasta que los bienes se hallen ubicados para su venta, otros directamente atribuibles a la adquisición, así como los impuestos indirectos no recuperables de la Hacienda Pública.

La estimación de los productos que van a ser devueltos relacionados con ventas con derecho de devolución por los clientes, netos del efecto de cualquier reducción de valor de los mismos, se reconoce como existencias en consigna en el momento de la venta.

Los descuentos concedidos por proveedores se reconocen en el momento en que es probable que se van a cumplir las condiciones que determinan su concesión como una reducción del coste de las existencias que los causaron y el exceso, en su caso, como una minoración de la partida de consumos del estado del resultado global consolidado.

El coste de producción de las existencias comprende el precio de adquisición de las materias primas y otras materias consumibles y los costes directamente relacionados con las unidades producidas y una parte calculada de forma sistemática de los costes indirectos, variables o fijos incurridos durante el proceso de su transformación.

El coste de las materias primas y otros aprovisionamientos, el coste de mercaderías y el coste de transformación se asigna a las distintas unidades en existencias mediante la aplicación del precio medio ponderado.

El Grupo utiliza la misma fórmula de coste para todas las existencias que tienen una misma naturaleza y uso similares dentro del Grupo.

El valor de coste de las existencias es objeto de ajuste contra resultados en aquellos casos en los que su coste exceda su valor neto realizable. A estos efectos se entiende por valor neto realizable:

- Materias primas y otros aprovisionamientos: su precio de reposición. No obstante lo anterior el Grupo no realiza ajuste alguno en aquellos casos en los que se espere que los productos terminados a los que se incorporen las materias primas y otros aprovisionamientos fuesen a ser enajenados por un valor equivalente a su coste de producción o superior al mismo;

La reducción del valor reconocida previamente se revierte contra resultados, si las circunstancias que causaron la rebaja del valor han dejado de existir o cuando existe una clara evidencia de un incremento del valor neto realizable como consecuencia de un cambio en las circunstancias económicas. La reversión de la reducción del valor tiene como límite el menor del coste y el nuevo valor neto realizable de las existencias.

**I) Efectivos y otros medios líquidos equivalentes**

El efectivo y otros medios líquidos equivalentes incluyen el efectivo en caja y los depósitos bancarios a la vista en entidades de crédito. También se incluyen bajo este concepto otras inversiones a corto plazo de gran liquidez siempre que fuesen fácilmente convertibles en importes determinados de efectivo y que están sujetas a un riesgo insignificante de cambios de valor. A estos efectos se incluyen las inversiones con vencimientos de menos de tres meses desde la fecha de adquisición.

**J) Indemnizaciones por cese**

De acuerdo con la legislación vigente, las entidades consolidadas españolas y algunas entidades extranjeras están obligadas a indemnizar a aquellos empleados que sean despedidos sin causa justificada. Las sociedades del Grupo no tienen a fecha actual proyectos de despidos que no se encuentren adecuadamente provisionados según la normativa en vigor.

**K) Provisiones**

Los estados financieros consolidados del Grupo recogen todas las provisiones que cubren obligaciones presentes a la fecha del estado de situación surgidas como consecuencia de sucesos pasados de los que pueden derivarse

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perjuicios patrimoniales para las entidades, concretos en cuanto a su naturaleza pero indeterminados en cuanto a su importe y/o momento de cancelación. Se incluyen todas las provisiones en las que se estima que la probabilidad de que se tenga que atender la obligación es mayor que de la de no tener que hacerlo.

Las provisiones, que se cuantifican teniendo en consideración la mejor información disponible sobre las consecuencias del suceso en el que traen su causa y son reestimadas con ocasión de cada cierre contable, se utilizan para afrontar las obligaciones específicas para las cuales fueron originalmente reconocidas, procediéndose a su reversión, total o parcial, cuando dichas obligaciones dejan de existir o disminuyen.

*- Procedimientos judiciales y/o reclamaciones en curso*

Al cierre de los ejercicios 2015 y 2014 se encontraban en curso distintos procedimientos judiciales y reclamaciones entablados contra las entidades consolidadas con origen en el desarrollo habitual de sus actividades. Los Administradores de la Sociedad Dominante, considerando las opiniones de los asesores legales del Grupo, entienden que la conclusión de estos procedimientos y reclamaciones no producirá un efecto significativo en los estados financieros consolidados de los ejercicios en los que finalicen, por lo que no han considerado necesario constituir ninguna provisión adicional.

*- Provisiones para responsabilidades*

El Grupo efectúa dotaciones a la provisión para riesgos y gastos por los importes estimados en relación con los compromisos adquiridos en concepto de garantías por las instalaciones y maquinaria vendidas, de acuerdo con lo estipulado en los contratos de venta.

*- Provisiones para operaciones de tráfico*

Recogen los costes que están pendientes de su materialización por los importes estimados en relación con determinados compromisos mantenidos por el Grupo.

*- Provisiones para pensiones y obligaciones similares*

Las sociedades del Grupo no tienen planes de pensiones complementarios a los de la Seguridad Social.

**L) Subvenciones y Otros ingresos a distribuir en varios ejercicios**

Las subvenciones de capital no reintegrables recibidas de organismos oficiales para financiar la inversión en elementos de inmovilizado, se registran como un pasivo a largo plazo, en el epígrafe de “Otros pasivos no corrientes” del estado de situación financiera consolidado por el importe original concedido y se imputan a resultados, siguiendo el método lineal, durante un periodo de tiempo equivalente a la vida útil de los elementos del inmovilizado financiados con dichas subvenciones bajo el epígrafe de “Otros ingresos” de la cuenta de resultados consolidada.

Las subvenciones de explotación se reconocen con abono al epígrafe de “Otros ingresos” de la cuenta de resultados consolidada.

Los pasivos financieros que incorporan ayudas implícitas en forma de la aplicación de tipos de interés por debajo de mercado se reconocen en el momento inicial por su valor razonable. La diferencia entre dicho valor, ajustado en su caso por los costes de emisión del pasivo financiero y el importe recibido, se registra como una subvención oficial atendiendo a la naturaleza de la subvención concedida.

**M) Reconocimiento de ingresos**

Los ingresos se calculan al valor razonable de la contraprestación cobrada o a cobrar y representan los importes a cobrar por los bienes entregados y los servicios prestados en el marco ordinario de la actividad, menos descuentos, IVA y otros impuestos relacionados con las ventas.



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Las ventas y gastos se imputan en función del criterio de devengo, esto es, cuando se produce la corriente real de bienes y servicios que representan y con independencia del momento en que se produce la corriente monetaria o financiera derivada de ellos.

El Grupo realiza ventas de aerogeneradores mediante contratos de construcción. Estas ventas se registran como ingreso con abono en la cuenta de resultados consolidada, siguiendo el sistema de reconocimiento de ingresos en función del grado de avance del contrato, y se calcula en base al precio y condiciones del contrato de venta, al coste incurrido y al coste total estimado, en base a los presupuestos detallados de cada contrato. Asimismo, los costes de los contratos de construcción incluyen los costes directamente relacionados con el contrato, aquéllos relacionados con la actividad del contrato en general que pueden ser imputados al mismo y cualquier otro coste que se puede repercutir al cliente, según los términos del contrato.

Los ingresos ordinarios y los costes asociados con un contrato de construcción, se reconocen considerando su grado de realización a la fecha de cierre, cuando el resultado del mismo puede ser estimado con fiabilidad, en este sentido el Grupo realiza contratos a precio fijo, y se produce cuando el importe de los ingresos, el grado de realización y los costes atribuibles y los pendientes de incurrir pueden ser claramente identificados, de modo que los costes reales se pueden comparar con los estimados, y sea probable que se reciban los beneficios económicos derivados de los contratos.

Las modificaciones de las previsiones de ingresos y costes de los contratos se reconocen prospectivamente en el ejercicio corriente y en los futuros como un cambio en las estimaciones.

En aquellos casos en los que no se pueden estimar con fiabilidad el resultado de los contratos de construcción, los ingresos sólo se reconocen hasta el límite de los costes incurridos que se estiman recuperables, mientras que los costes del contrato se reconocen en resultados a medida que se incurren. En el momento en el que desaparecen las incertidumbres del contrato, los ingresos y los costes se reconocen siguiendo los criterios que se desarrollan en los párrafos anteriores, reconociéndose las modificaciones a realizar de forma prospectiva.

En el caso de contratos con pérdidas, éstas se contabilizarán íntegramente tan pronto como se conocen.

**N) Impuesto sobre las ganancias. Activos y pasivos por impuestos diferidos**

Algunas sociedades del Grupo tienen concedido por las autoridades competentes en España el régimen de tributación consolidada dentro del grupo fiscal formado por Acciona, S.A., la Sociedad Dominante y otras sociedades que cumplen con los requisitos establecidos por la legislación del Impuesto de Sociedades.

El gasto por impuesto sobre las ganancias del ejercicio se calcula mediante la suma del impuesto corriente que resulta de la aplicación del tipo de gravamen sobre el resultado contable ajustado del ejercicio y después de aplicar las deducciones que fiscalmente son admisibles, más la variación de los activos y pasivos por impuestos diferidos.

Los activos y pasivos por impuestos diferidos son aquellos impuestos que se prevén pagaderos o recuperables por las diferencias entre el valor contable de los activos y pasivos en los estados financieros y su valor fiscal. Se registran aplicando el tipo de gravamen al que se espera recuperarlos o liquidarlos.

El impuesto sobre las ganancias y las variaciones en los impuestos diferidos de activo o pasivo que no provengan de combinaciones de negocio se registran en la cuenta de resultados consolidada o en las cuentas de patrimonio neto del estado de situación consolidado en función de donde se hayan registrado las ganancias o pérdidas que lo hayan originado.

**(i) Reconocimiento de pasivos por impuesto diferido**

El Grupo reconoce los pasivos por impuesto diferido en todos los casos excepto que:

- surjan del reconocimiento inicial del fondo de comercio o de un activo o pasivo en una transacción que no es una combinación de negocios y en la fecha de la transacción no afecta ni al resultado contable ni a la base imponible fiscal;



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- correspondan a diferencias relacionadas con inversiones en sociedades dependientes, asociadas y negocios conjuntos sobre las que el Grupo tenga la capacidad de controlar el momento de su reversión y no fuese probable que se produzca su reversión en un futuro previsible.

(ii) Reconocimiento de activos por impuesto diferido

El Grupo reconoce los activos por impuesto diferido siempre que:

- resulte probable que existan ganancias fiscales futuras suficientes para su compensación o cuando la legislación fiscal contemple la posibilidad de conversión futura de activos por impuesto diferido en un crédito exigible frente a la Administración Pública. No obstante, los activos que surjan del reconocimiento inicial de activos o pasivos en una transacción que no es una combinación de negocios y en la fecha de la transacción no afecta ni al resultado contable ni a la base imponible fiscal, no son objeto de reconocimiento;
- correspondan a diferencias temporarias relacionadas con inversiones en dependientes, asociadas y negocios conjuntos en la medida en que las diferencias temporarias vayan a revertir en un futuro previsible y se espere generar ganancias fiscales futuras positivas para compensar las diferencias;

El Grupo reconoce la conversión de un activo por impuesto diferido en una cuenta a cobrar frente a la Administración Pública, cuando es exigible según lo dispuesto en la legislación fiscal vigente. A estos efectos, se reconoce la baja del activo por impuesto diferido con cargo al gasto por impuesto sobre beneficios diferido y la cuenta a cobrar con abono al impuesto sobre beneficios sobre corriente. De igual forma, el Grupo reconoce el canje de un activo por impuesto diferido por valores de Deuda Pública, cuando se adquiere la titularidad de los mismos.

El Grupo reconoce la obligación de pago derivada de la prestación patrimonial como un gasto de explotación con abono a la deuda con la Administración Pública.

Se considera probable que el Grupo dispone de ganancias fiscales suficientes para recuperar los activos por impuesto diferido, siempre que existan diferencias temporarias imponibles en cuantía suficiente, relacionadas con la misma autoridad fiscal y referidas al mismo sujeto pasivo, cuya reversión se espere en el mismo ejercicio fiscal en el que se prevea reviertan las diferencias temporarias deducibles o en ejercicios en los que una pérdida fiscal, surgida por una diferencia temporaria deducible, pueda ser compensada con ganancias anteriores o posteriores. Cuando las únicas ganancias fiscales futuras se derivan de la existencia de diferencias temporarias imponibles, los activos por impuesto diferido derivados de pérdidas fiscales compensables se limitan al 70% del importe de los pasivos por impuesto diferido reconocidos.

Al objeto de determinar las ganancias fiscales futuras, el Grupo tiene en cuenta las oportunidades de planificación fiscal, siempre que tenga la intención de adoptarlas o es probable que las vaya a adoptar.

(iii) Valoración de activos y pasivos por impuesto diferido

Los activos y pasivos por impuestos diferidos se valoran por los tipos impositivos que vayan a ser de aplicación en los ejercicios en los que se espera realizar los activos o pagar los pasivos, a partir de la normativa y tipos que están aprobados o se encuentren a punto de aprobarse y una vez consideradas las consecuencias fiscales que se derivarán de la forma en que el Grupo espera recuperar los activos o liquidar los pasivos.

El Grupo revisa en la fecha de cierre del ejercicio, el valor contable de los activos por impuestos diferidos, con el objeto de reducir dicho valor en la medida en que no es probable que vayan a existir suficientes bases imponibles positivas futuras para compensarlos.

Los activos por impuestos diferidos que no cumplen las condiciones anteriores no son reconocidos en el estado de situación financiera consolidado. El Grupo reconsidera al cierre del ejercicio, si se cumplen las condiciones para reconocer los activos por impuestos diferidos que previamente no habían sido reconocidos.

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(iv) Compensación y clasificación

El Grupo sólo compensa los activos y pasivos por impuesto sobre las ganancias corriente si existe un derecho legal frente a las autoridades fiscales y tiene la intención de liquidar las deudas que resulten por su importe neto o bien realizar los activos y liquidar las deudas de forma simultánea.

El Grupo sólo compensa los activos y pasivos por impuesto sobre las ganancias diferidos si existe un derecho legal de compensación frente a las autoridades fiscales y dichos activos y pasivos corresponden a la misma autoridad fiscal, y al mismo sujeto pasivo o bien a diferentes sujetos pasivos que pretenden liquidar o realizar los activos y pasivos fiscales corrientes por su importe neto o realizar los activos y liquidar los pasivos simultáneamente, en cada uno de los ejercicios futuros en los que se espera liquidar o recuperar importes significativos de activos o pasivos por impuestos diferidos.

Los activos y pasivos por impuestos diferidos se reconocen en estado de situación financiera consolidado como activos o pasivos no corrientes, independientemente de la fecha de esperada de realización o liquidación.

O) Saldo y transacciones en moneda distinta a la moneda funcional

Las operaciones realizadas en moneda distinta a la funcional de cada sociedad se registran en la moneda funcional a los tipos de cambio vigentes en el momento de la transacción. Durante el ejercicio, las diferencias que se producen entre el tipo de cambio contabilizado y el que se encuentra en vigor a la fecha de cobro o pago se registran como resultados financieros en la cuenta de resultados consolidada.

Asimismo, la conversión de los saldos a cobrar o a pagar a 31 de diciembre de cada año en moneda distinta de la funcional en la que están denominados los estados financieros de las sociedades que forman parte del perímetro de consolidación se realiza al tipo de cambio de cierre. Las diferencias de valoración producidas se registran como resultados financieros en la cuenta de resultados consolidada.

P) Actividades con incidencia en el medio ambiente

En general, se consideran actividades medioambientales aquellas operaciones cuyo propósito principal sea prevenir, reducir o reparar el daño sobre el medio ambiente.

En este sentido, las inversiones derivadas de actividades medioambientales son valoradas a su coste de adquisición y activadas como mayor coste del inmovilizado en el ejercicio en el que se incurren.

Los gastos derivados de la protección y mejora del medio ambiente se imputan a resultados en el ejercicio en que se incurren, con independencia del momento en el que se produzca la corriente monetaria o financiera derivada de ellos.

Las provisiones relativas a responsabilidades probables o ciertas, litigios en curso e indemnizaciones u obligaciones pendientes de cuantía indeterminada de naturaleza medioambiental, no cubiertas por las pólizas de seguros suscritas, se constituyen en el momento del nacimiento de la responsabilidad o de la obligación que determina la indemnización o pago.

Q) Operaciones interrumpidas y activos y pasivos no corrientes mantenidos para la venta

Una operación interrumpida o en discontinuidad es una línea de negocio que se ha decidido abandonar y/o enajenar cuyos activos, pasivos y resultados pueden ser distinguidos físicamente, operativamente y a efectos de información financiera.

Los activos, pasivos, ingresos y gastos de las operaciones en discontinuidad y los activos no corrientes mantenidos para la venta se presentan separadamente en el estado de situación financiera consolidado y en la cuenta de resultados consolidada. Al 31 de diciembre de 2015 y 2014 no existen operaciones interrumpidas ni activos no corrientes mantenidos para la venta.

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R) Estados de flujo de efectivo consolidados

En el estado de flujos de efectivo consolidado, que se preparan de acuerdo con el método indirecto, se utilizan las siguientes expresiones en los siguientes sentidos:

- Flujos de efectivo: entradas y salidas de dinero en efectivo y de sus equivalentes, entendiendo por éstos las alteraciones en su valor de las inversiones a corto plazo de gran liquidez.
- Actividades de explotación: actividades típicas de la entidad, así como otras actividades que no pueden ser calificadas como de inversión o de financiación. Partiendo del resultado antes de impuestos de actividades continuadas, además de la corrección por “Amortización del inmovilizado”, a través de la partida “Otros ajustes del resultado (netos)” se realiza el traspaso de los pagos y cobros por intereses pues se muestran en esta misma rúbrica pero de forma separada, el traspaso de los resultados por enajenación de inmovilizado que se engloban en la rúbrica de actividades de inversión y, por último, las correcciones de resultados generados por sociedades puestas en equivalencia y, en general, de cualquier resultado que no sea susceptible de generar flujos de efectivo.
- Actividades de inversión: las de adquisición, enajenación o disposición por otros medios de activos a largo plazo y otras inversiones no incluidas en el efectivo y sus equivalentes.
- Actividades de financiación: actividades que producen cambios en el tamaño y composición del patrimonio neto y de los pasivos que no forman parte de las actividades de explotación.

### **3.3 Estimaciones y juicios contables**

La información contenida en estos estados financieros consolidados es responsabilidad de los Administradores de la Sociedad Dominante.

En la preparación de los estados financieros consolidados se han utilizado estimaciones, hipótesis y juicios realizadas por los Administradores de la Sociedad para valorar algunos de los activos, pasivos, ingresos, gastos y compromisos que figuran registrados en ellas. Básicamente, se refieren a:

- La valoración de activos y fondos de comercio para determinar la existencia de pérdidas por deterioro de los mismos.
- La vida útil de los activos materiales, inversiones inmobiliarias e intangibles. Durante el ejercicio 2014, según se cita en la nota 3.2 B) referente a las normas de valoración del inmovilizado material, se citan los motivos por los que el Grupo Acciona realizó una nueva estimación que se registró de manera prospectiva, de la vida útil de sus parques eólicos pasando de 20 a 25 años, y se cuantifica el impacto de dicha reestimación.
- El reconocimiento de los contratos de construcción bajo método del grado de realización.
- La probabilidad de ocurrencia y el importe de los pasivos de importe indeterminado o contingentes.
- El cálculo de provisiones por contratos onerosos, garantías y litigios.
- La corrección valorativa por deterioro de existencias e insolvencias de clientes.
- Los resultados fiscales de las distintas sociedades del Grupo que se declararán ante las autoridades tributarias en el futuro que han servido de base para el registro de los distintos saldos relacionados con el impuesto sobre beneficios en los estados financieros consolidados adjuntos.

Estas estimaciones se realizaron en función de la mejor información disponible a 31 de diciembre de 2015 sobre los hechos analizados. No obstante, es posible que acontecimientos que puedan tener lugar en el futuro, obliguen a modificarlas en los próximos ejercicios, lo que se haría, en su caso, de forma prospectiva.

### **3.4 Cambios en estimaciones y políticas contables y corrección de errores fundamentales**

- Cambios en estimaciones contables: el efecto de cualquier cambio en estimaciones contables, se registra en el mismo apartado de la cuenta de resultados en que se encuentra registrado el gasto o ingreso con la estimación anterior.

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- Cambios en políticas contables y corrección de errores fundamentales. El efecto de este tipo de cambios y correcciones se registra del siguiente modo: en aquellos casos que sean significativos, el efecto acumulado al inicio del ejercicio se ajusta en el epígrafe de reservas y el efecto del propio ejercicio se registra en la cuenta de resultados consolidada del ejercicio. En estos casos se reexpresan los datos financieros del ejercicio comparativo presentado junto al ejercicio en curso.

Excepto lo indicado en la nota 3.2 B) de normas de valoración del inmovilizado material y en el apartado 3.3 sobre estimaciones y juicios contables, referente a la nueva estimación de la vida útil de sus parques eólicos llevada a cabo en el ejercicio 2014, a 31 de diciembre de 2015 no se han producido cambios significativos en estimaciones contables, ni en políticas contables ni en correcciones de errores.

#### **4. Inmovilizado material**

El movimiento correspondiente a los ejercicios 2015 y 2014 tanto en valores de coste como de amortización acumulada y deterioros se desglosa, en miles de euros, de la siguiente forma:

<b>Inmovilizado Material</b>	<b>Terrenos</b>	<b>Construcciones</b>	<b>Instalaciones técnicas y maquinaria</b>	<b>Otras instalaciones</b>	<b>Otro inmovilizado</b>	<b>Anticipos e inmovilizado en curso</b>	<b>Amortizaciones y deterioros (nota 21)</b>	<b>Total</b>
<b>Saldo al 31.12.2013</b> ..	<b>2.625</b>	<b>52.066</b>	<b>41.950</b>	<b>56.965</b>	<b>1.948</b>	<b>4.865</b>	<b>(66.517)</b>	<b>93.902</b>
Variaciones por cambios en el								
perímetro .....	79	12.351	22.174	5.798	351	—	(21.100)	19.653
Altas / Dotación .....	43	1.365	7.335	22.444	258	1.129	(15.101)	17.473
Bajas .....	—	(332)	—	(91)	(11)	—	15	(419)
Traspasos .....	—	—	—	—	—	—	—	—
Diferencias de conversión y otras ..	11	1.679	3.021	798	29	1	(2.810)	2.729
<b>Saldo al 31.12.2014</b> ..	<b>2.758</b>	<b>67.129</b>	<b>74.480</b>	<b>85.914</b>	<b>2.575</b>	<b>5.995</b>	<b>(105.513)</b>	<b>133.338</b>
Variaciones por cambios en el								
perímetro .....	—	—	(19.628)	—	(113)	—	11.703	(8.038)
Altas / Dotación .....	—	123	3.442	23.682	390	153	(17.155)	10.635
Bajas .....	—	(8.081)	(35.645)	(6.986)	(1)	(5.364)	10.015	(46.062)
Traspasos .....	—	15	2	(18)	1	—	—	—
Diferencias de conversión y otras ..	10	1.579	1.628	(343)	(23)	(112)	(2.593)	146
<b>Saldo al 31.12.2015</b> ..	<b>2.768</b>	<b>60.765</b>	<b>24.279</b>	<b>102.249</b>	<b>2.829</b>	<b>672</b>	<b>(103.543)</b>	<b>90.019</b>

Las altas más significativas de los ejercicios 2015 y 2014 corresponden principalmente a las inversiones realizadas por la sociedad del Grupo, Acciona Windpower, S.A. durante ambos periodos en la maquinaria y utillajes necesarios para el ensamblaje, transporte y montaje de los diferentes componentes de la máquina de 3 MW así como en maquinaria y utillajes necesarios para las fábricas portátiles de torres de hormigón.

La sociedad participada Acciona Blades S.A. ha invertido en estos ejercicios en los moldes, maquinaria y utillajes necesarios para la producción de dos nuevos modelos de pala para la citada máquina de 3 MW en sus instalaciones de Lumbier (Navarra).

Asimismo, la sociedad Acciona Windpower Brasil ha invertido durante ambos ejercicios en la nueva planta, maquinaria y utillajes necesarios para la fabricación de aerogeneradores de 3 MW en Bahía (Brasil).

Las variaciones por cambios en el perímetro se corresponden fundamentalmente con las altas por incorporación al Grupo tras la compra en el ejercicio 2014 de las sociedades Acciona Windpower North America LLC y Anchor Wind LLC, que cuentan con instalaciones productivas y un parque eólico experimental con aerogeneradores de 3 MW en Estados Unidos, respectivamente, así como la baja de esta misma sociedad Anchor Wind LLC tras su venta a final del ejercicio 2015 a una sociedad del Grupo Acciona Energía (véase nota 1).

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Con respecto a las bajas del ejercicio 2015 destacar la venta a sociedades del Grupo Acciona Energía de los parques eólicos experimentales situados en España (36 MW de potencia instalada) propiedad de la sociedad del Grupo, Acciona Windpower, S.A.

En el epígrafe de “Diferencias de conversión y otras” se incluye el efecto de las diferencias de conversión del periodo por un importe positivo de 146 miles de euros (positivo de 2.729 miles de euros en 2014), generándose fundamentalmente en los activos situados en Estados Unidos y adquiridos por el Grupo en 2014, cuyos estados financieros se expresan en dólares, moneda que se ha apreciado frente al euro en casi un 10% durante 2015 (12% en 2014), así como en los expresados en reales brasileños.

Los saldos netos por epígrafes al cierre de los ejercicios 2015 y 2014, en miles de euros, son los siguientes:

<b>Inmovilizado material</b>	<b>31.12.2015</b>			<b>31.12.2014</b>		
	<b>Coste</b>	<b>Amortización y deterioro</b>	<b>Total</b>	<b>Coste</b>	<b>Amortización y deterioro</b>	<b>Total</b>
Terrenos .....	2.768	—	2.768	2.758	—	2.758
Construcciones .....	60.765	(24.492)	36.273	67.129	(21.419)	45.710
Instalaciones técnicas y maquinaria .....	24.279	(12.635)	11.644	74.480	(23.316)	51.164
Otras instalaciones .....	102.249	(64.065)	38.184	85.914	(54.185)	31.729
Otro inmovilizado .....	2.829	(2.351)	478	2.575	(2.169)	406
Anticipos e inmovilizado en curso .....	672	—	672	5.995	(4.424)	1.571
<b>Total .....</b>	<b>193.562</b>	<b>(103.543)</b>	<b>90.019</b>	<b>238.851</b>	<b>(105.513)</b>	<b>133.338</b>

A 31 de diciembre de 2015 y 2014 el coste de las inmovilizaciones materiales de la sociedad dependiente, Acciona Windpower, S.A. incluyen un importe de 8.459 miles de euros que corresponde a activos afectos a la materialización de la Reserva Especial para Inversiones.

El importe de los activos materiales en explotación totalmente amortizados a 31 de diciembre de 2015 y 2014 asciende a 43.499 y 36.036 miles de euros, respectivamente, estando la mayor parte de los mismos en uso.

Determinados activos han sido financiados, en parte, por una serie de subvenciones concedidas en el ejercicio y ejercicios anteriores (véase nota 15).

El Grupo tiene formalizadas pólizas de seguros para cubrir los posibles riesgos a que están sujetos los diversos elementos de su inmovilizado material, así como las posibles reclamaciones que se le puedan presentar por el ejercicio de su actividad, entendiéndose que dichas pólizas cubren de manera suficiente los riesgos a los que están sometidos.

Por otra parte, no existen compromisos de compra ni de venta en firme de elementos de inmovilizado a 31 de diciembre de 2015 y 2014.

## **5. Otros activos intangibles**

El movimiento habido durante los ejercicios 2015 y 2014, en miles de euros, ha sido el siguiente:

<b>Otros activos intangibles</b>	<b>Desarrollo</b>	<b>Concesiones y licencias</b>	<b>Aplicaciones informáticas</b>	<b>Amortización y deterioro (nota 21)</b>	<b>Total</b>
<b>Saldo al 31.12.2013 .....</b>	<b>49.057</b>	<b>15.084</b>	<b>3.145</b>	<b>(53.807)</b>	<b>13.479</b>
Altas / Dotación .....	2.439	—	277	(7.692)	(4.976)
Otras variaciones .....	54	12	(52)	(12)	2
<b>Saldo al 31.12.2014 .....</b>	<b>51.550</b>	<b>15.096</b>	<b>3.370</b>	<b>(61.511)</b>	<b>8.505</b>
Altas / Dotación .....	3.104	—	1.249	(4.500)	(147)
Bajas .....	(11.333)	—	—	11.333	—
Otras variaciones .....	—	9	(51)	6	(36)
<b>Saldo al 31.12.2015 .....</b>	<b>43.321</b>	<b>15.105</b>	<b>4.568</b>	<b>(54.672)</b>	<b>8.322</b>

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El importe de los activos intangibles totalmente amortizados a 31 de diciembre de 2015 y 2014 asciende a 45.056 y 48.380 miles de euros, respectivamente.

Los saldos netos por epígrafes al cierre de los ejercicios 2015 y 2014, en miles de euros, son los siguientes:

	31.12.2015			31.12.2014		
	Coste	Amortización y deterioro	Total	Coste	Amortización y deterioro	Total
Desarrollo . . . . .	43.321	(36.495)	6.826	51.550	(43.634)	7.916
Concesiones y licencias . . . . .	15.105	(15.105)	—	15.096	(15.092)	4
Aplicaciones informáticas . . . . .	4.568	(3.072)	1.496	3.370	(2.785)	585
	<b>62.991</b>	<b>(54.672)</b>	<b>8.322</b>	<b>70.016</b>	<b>(61.511)</b>	<b>8.505</b>

El Grupo no dispone de derechos de emisión a 31 de diciembre de 2015 y 2014.

**6. Activos financieros no corrientes y corrientes**

El desglose del saldo de este capítulo de los estados de situación consolidados, en miles de euros, es el siguiente:

	2015		2014	
	No corriente	Corriente	No corriente	Corriente
Otros préstamos con empresas del Grupo Acciona (nota 24) . . . . .	—	24.648	—	—
Otros activos financieros . . . . .	—	144	—	118
Depósitos y fianzas . . . . .	497	77	11	83
<b>Total Neto</b> . . . . .	<b>497</b>	<b>24.869</b>	<b>11</b>	<b>201</b>

Otros préstamos con empresas del grupo

Otros créditos corrientes con empresas del Grupo Acciona a 31 de diciembre de 2015 recoge, por un importe de 24.648 miles de euros el concedido a Acciona Financiación de Filiales, S.A. Este préstamo devenga intereses anuales a tipos de mercado.

**7. Existencias**

La composición de las existencias del Grupo al 31 de diciembre de 2015 y 2014 es, en miles de euros, la siguiente:

	2015	2014
Materias primas, otros aprovisionamientos y existencias comerciales . . . . .	126.736	130.005
Anticipos entregados . . . . .	66.404	24.389
Deterioro . . . . .	(20.849)	(20.855)
<b>Total existencias</b> . . . . .	<b>172.291</b>	<b>133.539</b>

El epígrafe “Materias primas, otros aprovisionamientos y existencias comerciales” incluye, entre otros, las materias primas para el montaje de aerogeneradores, así como los repuestos para el mantenimiento de las diversas instalaciones realizadas por el Grupo.

El movimiento de las correcciones valorativas por deterioro en el epígrafe “Existencias” ha sido el siguiente (en miles de euros):

	Saldo a 31.12.13	Cancelaciones	Saldo a 31.12.14	Cancelaciones	Saldo a 31.12.15
<b>Deterioro de existencias</b> . . . . .	22.371	(1.516)	20.855	(6)	(20.849)
		(nota 21)		(nota 21)	



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Siguiendo un criterio de prudencia, el Grupo tiene realizadas las correcciones valorativas por deterioro necesarias de existir dudas razonables sobre la recuperación total o parcial de estos activos y cuyo movimiento se ha registrado en el epígrafe “Variación de provisiones” de la cuenta de resultados consolidada.

**8. Deudores comerciales y cuentas a cobrar**

La composición del saldo al 31 de diciembre de 2015 y 2014, en miles de euros, es la siguiente:

	<u>2015</u>	<u>2014</u>
Clientes por ventas y prestaciones de servicios .....	68.362	120.753
Deterioro de clientes .....	(11.548)	(10.077)
Deudores, empresas del Grupo Acciona (nota 24) .....	76.569	58.240
Deudores varios .....	4.292	7.167
<b>Total saldo neto al 31 de diciembre .....</b>	<b><u>137.675</u></b>	<b><u>176.083</u></b>

El saldo neto de clientes por ventas y prestaciones de servicios corresponde, principalmente, a la venta de aerogeneradores.

El epígrafe “Deudores, empresas del Grupo Acciona”, incluye, los créditos generados con Acciona, S.A. como consecuencia de formar parte del Grupo fiscal de Impuesto sobre Sociedades del que es cabecera la misma para aquellas sociedades nacionales pertenecientes al Grupo a las que les es aplicable la normativa vigente por importe de 23.644 miles de euros a 31 de diciembre de 2015 (25.272 miles de euros a 31 de diciembre de 2014) (véase nota 24), así como los saldos adeudados por la venta de aerogeneradores, fundamentalmente a sociedades del Grupo Acciona Energía.

El movimiento de las cuentas correctivas por deterioro de clientes ha sido el siguiente:

Saldo a 31 de diciembre de 2013 .....	5.977
Dotaciones .....	4.100
Saldo a 31 de diciembre de 2014 .....	10.077
Dotaciones .....	1.471
Saldo a 31 de diciembre de 2015 .....	11.548

**9. Efectivo y otros activos líquidos**

Durante los ejercicios 2015 y 2014 los saldos de efectivo y otros activos líquidos equivalentes que aparecen en el estado de situación consolidado, corresponden exclusivamente a tesorería y se han remunerado a tipos de interés de mercado.

**10. Patrimonio neto**

A 31 de diciembre de 2014, el Patrimonio neto del Grupo era negativo, fundamentalmente como consecuencia de los deterioros llevados a cabo en el ejercicio 2013 por las sociedades participadas y de las pérdidas incurridas en el citado ejercicio y en ejercicios anteriores por las sociedades participadas. En cuanto a las sociedades participadas españolas que se encontraban en esa misma situación, el patrimonio neto de estas sociedades a efectos del artículo 363 del Texto Refundido de la Ley de Sociedades de Capital (TRLSC) a 31 de diciembre de 2014 era superior a los límites establecidos.

El Real Decreto-Ley 3/2013, de 22 de febrero, modificó la Disposición Adicional Única del Real Decreto-Ley 10/2008, de 12 de diciembre, por el que se adoptan medidas financieras para la mejora de la liquidez de las pequeñas y medianas empresas, y otras medidas económicas complementarias, estableciendo que a los efectos de la determinación de las pérdidas para la reducción obligatoria de capital regulada en el artículo 327 del Texto Refundido de la Ley de Sociedades de Capital, aprobado por el Real Decreto Legislativo 1/2010, de 2 de julio, y para la disolución prevista en el artículo 363.1.e) del citado texto refundido, así como respecto del cumplimiento



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del presupuesto objetivo del concurso contemplado en el artículo 2 de la Ley 22/2003, de 9 de julio, Concursal, no se computarán las pérdidas por deterioro reconocidas en las cuentas anuales, derivadas del Inmovilizado Material, las Inversiones Inmobiliarias y las Existencias. Esta medida fue prorrogada para el ejercicio 2014 por el Real Decreto Ley 4/2014, de 7 marzo, si bien no ha sido prorrogada en el ejercicio 2015.

A 31 de diciembre de 2015, y tras la ampliación de capital en la Sociedad Dominante, que se menciona en el apartado a) de esta nota, junto a los resultados positivos obtenidos en dicho ejercicio, el Patrimonio neto del Grupo es positivo.

La composición y movimiento del patrimonio neto se presenta en el Estado de cambios de patrimonio neto consolidado.

a) Capital social suscrito

A 31 de diciembre de 2014, el capital social de la Sociedad Dominante estaba representado por 199.479 participaciones sociales de 10 euros de valor nominal cada una de ellas, totalmente suscritas y desembolsadas.

Durante el ejercicio 2015 se ha producido una ampliación de capital por importe de 5.625 miles de euros, mediante la emisión de 562.500 nuevas participaciones sociales de 10 euros de valor nominal cada una y que ha sido totalmente suscrita y desembolsada.

En consecuencia, a 31 de diciembre de 2015 el capital social de la Sociedad Dominante si sitúa en 7.620 miles de euros, representado por 761.979 participaciones sociales de 10 euros de valor nominal cada una de ellas, totalmente suscritas y desembolsadas.

Las nuevas participaciones sociales fueron emitidas con una prima de 160 euros por participación.

Todas las participaciones sociales gozan de los mismos derechos, no existiendo restricciones estatutarias a su transferibilidad y pertenecen en su totalidad a Acciona, S.A., por lo que la Sociedad Dominante tiene el carácter de unipersonal.

El pasado 4 de octubre de 2015, la sociedad dominante Acciona, S.A. suscribió un acuerdo con la sociedad cotizada alemana Nordex S.E. en virtud del cual Nordex, S.E. adquirirá la totalidad del capital social de Corporación Acciona Windpower, S.L. Acciona recibirá como contraprestación: 16.100.000 acciones de nueva emisión representativas del 16,6% del capital social de Nordex valoradas en 26 euros por acción, lo que representa un total de 418,6 millones de euros y un pago en efectivo de 366,4 millones de euros, resultando en un valor de 785 millones de euros, que será ajustado en función de la deuda existente a 31 de diciembre de 2015.

b) Prima de emisión, Ganancias acumuladas, Otras reservas y Diferencias de conversión

Su detalle es el siguiente, en miles de euros:

	<u>2015</u>	<u>2014</u>
<b>Prima de emisión</b> .....	90.000	—
Reservas en sociedades consolidadas por integración global .....	(98.602)	(99.139)
Reservas por derivados financieros (nota 14) .....	—	(123)
Resultados pendientes de aplicación .....	(26)	—
<b>Subtotal Reservas</b> .....	<b>(98.628)</b>	<b>(99.262)</b>
<b>Diferencias de conversión</b> .....	<b>7.124</b>	<b>1.642</b>
<b>Total Reservas</b> .....	<b>(1.504)</b>	<b>(97.620)</b>

i) Prima de emisión

El saldo de la cuenta “Prima de emisión”, que a 31 de diciembre de 2015 asciende a 90.000 miles de euros, se ha originado como consecuencia del aumento de capital social llevado a cabo con prima de

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emisión en septiembre de 2015 (véase apartado a) de esta nota). El Texto Refundido de la Ley de Sociedades de Capital permite expresamente la utilización del saldo de la prima de emisión para ampliar el capital y no establece restricción específica alguna en cuanto a la disponibilidad de dicho saldo.

ii) Reserva legal

La reserva legal, que debe dotarse hasta el 20% del capital, podrá utilizarse para aumentar el capital en la parte de su saldo que exceda del 10% del capital ya aumentado. Salvo para la finalidad mencionada anteriormente y mientras no supere el 20% del capital social, esta reserva sólo podrá destinarse a la compensación de pérdidas y siempre que no existan otras reservas disponibles suficientes para este fin, y debe ser respuesta con beneficios futuros.

iii) Reservas en sociedades consolidadas y Diferencias de conversión

El Grupo se acogió a la exención relativa a diferencias de conversión de la NIIF 1 “Adopción por primera vez de las NIIF”. Como consecuencia de ello, las diferencias de conversión incluidas en el patrimonio neto son las generadas a partir de la fecha de transición.

En el Anexo III se desglosan, en miles de euros, las reservas de consolidación por integración global, y las diferencias de conversión por sociedades al 31 de diciembre de 2015 y 2014.

c) Gestión de capital

Los objetivos del Grupo en la gestión del capital son salvaguardar la capacidad de continuar como una empresa en funcionamiento, de modo que pueda seguir dando rendimientos a los accionistas y beneficiar a otros grupos de interés, además de mantener una estructura financiero – patrimonial óptima para reducir el coste de capital. Esta política permite compatibilizar la creación de valor para el accionista con el acceso a los mercados financieros a un coste competitivo para cubrir las necesidades tanto de refinanciación de deuda como de financiación del plan de inversiones no cubiertas por la generación de fondos del negocio.

Con el objeto de mantener y ajustar la estructura de capital, el Grupo puede ajustar el importe de los dividendos a pagar a los accionistas, puede devolver capital, emitir acciones o vender activos para reducir el endeudamiento.

Consistentemente con otros grupos en los sectores donde opera el Grupo Acciona, la estructura de capital se controla en base al ratio de apalancamiento. Este ratio se calcula como el cociente resultante de dividir la deuda neta entre el patrimonio neto. La deuda neta se determina como la suma de las deudas financieras mantenidas con entidades de crédito a corto y a largo plazo, excluyendo las correspondientes a activos mantenidos para la venta, menos las inversiones financieras temporales y efectivo y otros medios líquidos equivalentes. El nivel de apalancamiento obtenido a 31 de diciembre de 2015 y 2014, se muestra a continuación:

	<b>Apalancamiento</b>	
	<b>Miles de euros</b>	
	<b>31.12.15</b>	<b>31.12.14</b>
<b>Deuda financiera neta:</b> .....	<b>(9.616)</b>	<b>13.048</b>
Deuda financiera a largo plazo .....	—	2.500
Deuda financiera a corto plazo .....	—	25.091
IFT, efectivo y otros medios equivalentes .....	(9.616)	(14.543)
<b>Patrimonio neto:</b> .....	<b>50.672</b>	<b>(96.808)</b>
De la Sociedad Dominante .....	50.672	(96.808)
<b>Apalancamiento</b> .....	<b>—</b>	<b>—</b>

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**11. Provisiones**

El movimiento del epígrafe “Provisiones no corrientes” del pasivo del estado de situación financiera consolidado, desglosado por conceptos y en miles de euros, a 31 de diciembre de 2015 y 2014, es el siguiente:

	<u>Provisión responsabilidades</u>	<u>Otras responsabilidades</u>	<u>TOTAL</u>
<b>Saldo al 31.12.13</b> .....	<b>10.014</b>	<b>10.000</b>	<b>20.014</b>
Altas y dotaciones .....	2.315	4	2.319
Aplicaciones .....	(1.039)	(8)	(1.047)
Traspasos .....	(878)	—	(878)
Otras variaciones .....	1.863	120	1.983
<b>Saldo al 31.12.14</b> .....	<b>12.275</b>	<b>10.116</b>	<b>22.391</b>
Altas y dotaciones .....	22.311	—	22.311
Aplicaciones .....	(6.568)	—	(6.568)
Traspasos .....	7.364	—	7.364
Otras variaciones .....	51	(116)	(65)
<b>Saldo al 31.12.15</b> .....	<b>35.433</b>	<b>10.000</b>	<b>45.433</b>

“Provisión para responsabilidades” corresponde fundamentalmente a los importes estimados en relación con los compromisos adquiridos en concepto de mantenimientos y garantías por determinadas ventas, de acuerdo con lo descrito en la nota 3.2.K).

“Provisión para otras responsabilidades” por importe de 10.000 miles de euros corresponde a la mejor estimación de los Administradores de la Sociedad Dominante de los pasivos que pudieran derivarse de los diversos litigios, recursos, contenciosos y obligaciones pendientes de resolución al cierre del ejercicio 2015 mantenidos por una sociedad del Grupo.

El movimiento de las “Provisiones corrientes” del pasivo del estado de situación consolidado, desglosado por conceptos y en miles de euros, a 31 de diciembre de 2015 y 2014, es el siguiente:

	<u>Provisiones para Operación y Mantenimiento / Garantía</u>
<b>Saldo al 31.12.13</b> .....	<b>12.182</b>
Altas y dotaciones .....	8.406
Traspasos .....	2.431
Bajas y aplicaciones .....	(10.044)
Otras variaciones .....	(1)
<b>Saldo al 31.12.14</b> .....	<b>12.974</b>
Altas y dotaciones .....	30.295
Traspasos .....	(7.364)
Bajas y aplicaciones .....	(11.675)
Otras variaciones .....	(442)
<b>Saldo al 31.12.15</b> .....	<b>23.788</b>

La “Provisión para Operación y Mantenimiento y Garantía” corresponde fundamentalmente a los importes estimados en relación con los compromisos adquiridos en concepto de operación y mantenimiento y garantía de las máquinas vendidas, de acuerdo con lo descrito en la nota 3.2.K).

Estas provisiones cubren, según la mejor estimación de los Administradores de la Sociedad Dominante, los pasivos que pudieran derivarse de los citados compromisos al cierre del ejercicio.

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**12. Deudas con entidades de crédito**

Su detalle al 31 de diciembre de 2015 y 2014, en miles de euros, es el siguiente:

<u>Concepto</u>	<u>2015</u>		<u>2014</u>	
	<u>No corriente</u>	<u>Corriente</u>	<u>No corriente</u>	<u>Corriente</u>
Líneas de crédito .....	—	—	2.500	24.854
Deudas por intereses .....	—	—	—	237
<b>Total deudas con entidades de crédito .....</b>	<b>—</b>	<b>—</b>	<b>2.500</b>	<b>25.091</b>

Durante el ejercicio 2014, los créditos bancarios del Grupo devengaron intereses de mercado referenciados al Euribor siendo la totalidad de la financiación en euros.

A 31 de diciembre de 2015 las sociedades del Grupo no tenían concedida financiación adicional no dispuesta (33.124 miles de euros al 31 de diciembre de 2014).

Asimismo, durante los ejercicios 2015 y 2014 no se han producido impagos ni otros incumplimientos de principal, ni de intereses ni de amortizaciones referentes a las deudas con entidades de crédito.

La distribución del vencimiento de los importes antes indicados, para los años siguientes al cierre del balance, es el siguiente (en miles de euros):

<u>Año</u>	<u>2015</u>	<u>2014</u>
2016 .....	—	2.500
<b>Total .....</b>	<b>—</b>	<b>2.500</b>

**13. Política de gestión de riesgos**

El Grupo Corporación Acciona Windpower, S.L., por su propia actividad y por su diversificación geográfica está expuesto a determinados riesgos que son gestionados adecuadamente mediante un Sistema de Gestión de Riesgos. Éste está diseñado para identificar eventos potenciales que puedan afectar a la organización, gestionar sus riesgos mediante el establecimiento de unos sistemas de tratamiento y control interno que permitan mantener la probabilidad e impacto de ocurrencia de dichos eventos dentro de los niveles de tolerancia establecidos, y proporcionar una seguridad razonable sobre la consecución de los objetivos estratégicos empresariales.

La presente política tiene como objetivo integrar la gestión de riesgos dentro de la estrategia de Acciona, S.A., grupo al que pertenece (véase nota 1), y establecer el marco y principios del Sistema de Gestión de Riesgos.

Riesgo de variación de tipo de interés

Las variaciones de los tipos de interés modifican los flujos futuros de los activos y pasivos referenciados a un tipo de interés variable.

De acuerdo con las estimaciones del Grupo respecto de la evolución de los tipos de interés y de los objetivos de la estructura de la deuda, se realizan operaciones de cobertura mediante la contratación de derivados que mitíguen estos riesgos. El grado de cobertura sobre la deuda que se alcanza en cada proyecto depende del tipo de proyecto en cuestión y del país donde se realiza la inversión.

El tipo de interés de referencia de la deuda contratada por las sociedades del Grupo es el Euribor.

Riesgo de tipo de cambio

El Grupo opera en el ámbito internacional y, por tanto, está expuesto a riesgo de tipo de cambio por operaciones con divisas de los países en donde invierte y opera.

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La gestión de este riesgo es competencia de la Dirección General Económico Financiera del Grupo empleando criterios de cobertura no especulativos.

Los riesgos de tipo de cambio se corresponden, fundamentalmente, con las siguientes transacciones:

- Deuda denominada en moneda extranjera contratada por sociedades del Grupo y asociadas.
- Pagos a realizar en mercados internacionales por adquisición de aprovisionamientos.
- Cobros referenciados principalmente a la evolución de monedas al margen del Euro.
- Inversiones realizadas en sociedades extranjeras.

Con el objetivo de mitigar el riesgo de tipo de cambio, el Grupo contrata derivados sobre divisa y seguros de cambio para cubrir operaciones y flujos de efectivo futuros significativos de acuerdo con los límites de riesgo asumibles. En otras ocasiones, la financiación de activos a largo plazo nominados en monedas distintas al euro, se lleva a cabo en la misma divisa en la que el activo está nominado.

Asimismo, los activos netos provenientes de las inversiones netas realizadas en sociedades extranjeras cuya moneda funcional es distinta del euro, están sujetas al riesgo de fluctuación del tipo de cambio en la conversión de los estados financieros de dichas sociedades en el proceso de consolidación.

A continuación se presenta, en miles de euros, la composición de los activos y pasivos, corrientes y no corrientes, y del patrimonio neto a 31 de diciembre de 2015 en las principales monedas en las que opera el Grupo:

<b>Moneda</b>	<b>Activo no corriente</b>	<b>Activo corriente</b>	<b>Pasivo no corriente</b>	<b>Pasivo corriente</b>	<b>Patrimonio neto</b>	<b>Sensibilidad (10%)</b>
Dólar americano . . . . .	44.005	62.598	19.202	61.278	26.123	2.612
Rands sudafricanos . . . . .	133	3.884	—	593	3.424	342
Peso mexicano . . . . .	421	102.581	4.533	81.066	17.403	1.740
Real brasileño . . . . .	16.609	185.673	—	184.302	17.980	1.798
Lira turca . . . . .	12	1.709	—	2.622	(901)	(90)
Dólar australiano . . . . .	100	125	—	5.196	(4.971)	(498)
Peso chileno . . . . .	41	2.519	578	665	1.317	132
Kuna croata . . . . .	—	990	—	237	753	75

Riesgo de crédito

El riesgo de crédito consiste en que la contrapartida de un contrato incumpla sus obligaciones contractuales, ocasionando una pérdida económica para el Grupo. El Grupo ha adoptado la política de negociar exclusivamente con terceras partes solventes y obteniendo suficientes garantías, para mitigar el riesgo de pérdidas financieras en caso de incumplimiento. El Grupo sólo contrata con entidades que se encuentran en el mismo rango de nivel de inversiones o por encima de éste, y obtiene la información acerca de sus contrapartidas a través de organismos independientes de valoración de empresas, a través de otras fuentes públicas de información financiera, y a través de la información que saca de sus propias relaciones con los clientes.

Los efectos a cobrar y las cuentas de clientes corresponden a clientes distribuidos entre distintos sectores y áreas geográficas. La evaluación de las relaciones de crédito que se mantienen con los clientes, y la valoración de la solvencia de sus clientes se realiza permanentemente, y allí donde se considera necesario se contrata un seguro de garantía de crédito.

El Grupo no tiene una exposición significativa al riesgo de crédito con ninguno de sus clientes o grupo de clientes con características similares. Asimismo, la concentración del riesgo de crédito tampoco es significativa.

El riesgo de crédito y de liquidez de instrumentos derivados que tengan un valor razonable positivo está limitado en el Grupo, ya que tanto las colocaciones de tesorería como la contratación de derivados se realizan con entidades de elevada solvencia y altas valoraciones de crédito y ninguna contraparte acumula porcentajes significativos del riesgo total de crédito.

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Riesgo de liquidez

El Grupo mantiene una gestión prudente del riesgo de liquidez, manteniendo el suficiente efectivo y valores negociables, así como la contratación de facilidades crediticias comprometidas por importe suficiente para soportar las necesidades previstas.

La responsabilidad última sobre la gestión del riesgo de liquidez descansa en la Dirección General Económico Financiera, donde se elabora un marco apropiado para el control de las necesidades de liquidez del Grupo en el corto, medio y largo plazo. El Grupo gestiona la liquidez manteniendo unas reservas adecuadas, unos servicios bancarios apropiados y una disponibilidad de créditos y préstamos, por medio de una monitorización continua de las previsiones y de las cantidades actuales de flujos de fondos y emparejando éstas con perfiles de vencimiento de activos y pasivos financieros.

Riesgo económico “vs” desviaciones presupuestarias

El Grupo dispone de un sistema global de control económico y presupuestario que proporciona la información necesaria a los responsables del negocio y les permite controlar los riesgos potenciales y adoptar las decisiones de gestión más adecuadas. Periódicamente la información de gestión económico – financiera generada se contrasta con los datos e indicadores previstos, evaluando las desviaciones tanto en volumen de negocio, como en rentabilidad, cash flow y otros parámetros relevantes y fiables, tomando, en su caso, las medidas correctoras pertinentes.

Riesgo de precio

En lo que se refiere al riesgo de precio en el mercado eléctrico español, con fecha 13 de julio de 2013 se publicó el Real Decreto-ley 9/2013, por el que se adoptan medidas urgentes para garantizar la estabilidad financiera del sistema eléctrico. Este Real Decreto, que entró en vigor el 14 de julio de 2013, derogó entre otros el Real Decreto 661/2007, de 25 de mayo. El 6 de junio de 2014 se emitió, publicándose el 10 de junio de 2014 en el BOE, el Real Decreto 413/2014, por el que se regula la actividad de producción de energía eléctrica a partir de fuentes de energía renovable, cogeneración y residuos. Como desarrollo del mismo, el 20 de junio de 2014 se emitió, publicándose el 29 de junio de 2014 en el BOE, la Orden definitiva IET 1045/2014 que contiene los parámetros retributivos finales aplicables a todas las instalaciones renovables, tanto existentes como futuras. El nuevo modelo resultante define la retribución de los activos aplicable desde el 14 de julio de 2013, como consecuencia del RD-L 9/2013.

Esta regulación prevé que, adicionalmente a la retribución por la venta de la energía generada valorada al precio del mercado, ciertas instalaciones pueden percibir una retribución específica compuesta por un término por unidad de potencia instalada, que cubra, cuando proceda, los costes de inversión de una instalación tipo que no pueden ser recuperados por la venta de la energía a mercado, y un término a la operación que cubra, en su caso, la diferencia entre los costes de explotación y los ingresos por la participación en el mercado de dicha instalación tipo. Asimismo, los términos de retribución a la inversión y la operación serán revisados cada 3 años teniendo en consideración los ingresos de la venta de energía a mercado de las instalaciones tipo, de forma que variaciones al alza o a la baja fuera del rango de bandas establecido en la citada Orden, serán incorporados en el cálculo de la retribución específica.

Según la norma, con estos términos de retribución se pretende no sobrepasar el nivel mínimo necesario para cubrir los costes que permitan competir a las instalaciones en nivel de igualdad con el resto de tecnologías en el mercado y que posibiliten obtener una rentabilidad razonable. En cuanto a la rentabilidad razonable el Real Decreto-ley indica que girará, antes de impuestos, sobre el rendimiento medio en el mercado secundario de las Obligaciones del Estado a diez años aplicando el diferencial adecuado. La disposición adicional primera del Real Decreto-ley 9/2013 fija el diferencial adecuado para aquellas instalaciones acogidas al régimen económico primado en 300 puntos básicos, todo ello, sin perjuicio de una posible revisión cada seis años.

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**14. Instrumentos financieros derivados**

*Coberturas de tipo de cambio*

El Grupo utiliza derivados sobre divisas para cubrir operaciones y flujos de efectivo futuros significativos. Durante el ejercicio 2014 el Grupo tuvo cubiertas parte de las ventas y cobros de clientes en dólares americanos mediante seguros de cambio.

El detalle de las operaciones vigentes al 31 de diciembre de 2015 y 2014, en miles de euros, es el siguiente:

		Último vencimiento	2015		2014	
			Importe contratado	Efecto valoración a mercado	Importe contratado	Efecto valoración a mercado
Venta de divisas .....	USD	29.01.2015	—	—	2.010	172
<b>Total</b> .....			—	—	<b>2.010</b>	<b>172</b>

A 31 de diciembre de 2014, las valoraciones a mercado de las coberturas de tipo de cambio se encontraban registradas como “Otros pasivos financieros” por importe de 172 miles de euros. Los importes contabilizados por el Grupo se basan en los valores de mercado de instrumentos equivalentes en la fecha del estado de situación financiera consolidado. Prácticamente en su totalidad, las operaciones de compra de divisa están diseñadas y son eficaces como coberturas de flujos de efectivo y el valor razonable de las mismas se difiere y registra dentro del patrimonio neto.

El saldo en Reservas, neto del efecto fiscal, ascendía a 123 miles de euros (véase nota 10 b)) a 31 de diciembre de 2014.

**15. Otros pasivos no corrientes y corrientes**

El desglose de estos epígrafes del estado de situación financiera consolidado es el siguiente, en miles de euros:

<u>Otros pasivos</u>	No corrientes		Corrientes	
	2015	2014	2015	2014
Subvenciones .....	2.595	8.618	—	—
Otros ingresos a distribuir en varios ejercicios .....	1.290	970	—	—
Otros acreedores .....	3.784	9.492	4.261	2.240
Remuneraciones pendientes de pago .....	—	—	7.348	7.050
Administraciones públicas (nota 17) .....	—	—	5.708	5.189
<b>Saldo final</b> .....	<b>7.669</b>	<b>19.080</b>	<b>17.317</b>	<b>14.479</b>

En los epígrafes de “Subvenciones” y “Otros acreedores” se encuentran registrados préstamos bonificados con diferentes organismos públicos (CDTI y MINER) por importe de 3.854 miles de euros y 3.891 miles de euros a largo y corto plazo, respectivamente (6.402 miles de euros y 312 miles de euros a 31 de diciembre de 2014).



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Subvenciones

El movimiento habido en el epígrafe de “Subvenciones” en los ejercicios 2015 y 2014, en miles de euros, es el siguiente:

	<u>Subvenciones</u>
<b>Saldo final al 31.12.2013</b> .....	<b>2.647</b>
Altas .....	2.847
Imputación a resultados .....	(1.360)
Altas por variación de perímetro .....	3.992
Otros .....	492
<b>Saldo final al 31.12.2014</b> .....	<b>8.618</b>
Altas .....	287
Imputación a resultados .....	(1.484)
Bajas por variación de perímetro .....	(4.146)
Otros .....	(680)
<b>Saldo final al 31.12.2015</b> .....	<b>2.595</b>

En el ejercicio 2014, las altas más significativas correspondieron a subvenciones concedidas por el Gobierno de Navarra a la sociedad del Grupo Acciona Blades, S.A., como parte de un programa de ayudas a la inversión industrial por 2,8 millones de euros.

En el epígrafe “Altas por variación de perímetro” se recoge principalmente la subvención concedida en 2014 en Estados Unidos (Investment Tax Credit o “ITC”) (véase nota 2) por un importe de 3.885 miles de euros para el proyecto del parque experimental Pioneer Grove, construido por la sociedad Anchor Wind LLC, incorporada al Grupo en 2014. De la misma forma, esta subvención se incluye como “Bajas por variación de perímetro” en 2015 tras la venta de dicha sociedad, Anchor Wind LLC, a una sociedad del Grupo Acciona Energía.

La imputación a la cuenta de resultados consolidada se registra en el epígrafe de “Otros ingresos” de la cuenta de resultados consolidada.

Otros acreedores

Otros acreedores corrientes y no corrientes recogen, fundamentalmente, préstamos reembolsables concedidos por organismos públicos españoles a largo y corto plazo a la sociedad del Grupo Acciona Windpower, S.A. así como préstamos reembolsables concedidos por el estado de Iowa (USA) a la sociedad del Grupo Acciona Windpower North America, LLC.

**16. Otros pasivos financieros corrientes**

El desglose de este epígrafe del estado de situación financiera consolidada es el siguiente, en miles de euros:

	<u>2015</u>	<u>2014</u>
Créditos de empresas del Grupo Acciona (nota 24) .....	56.901	128.852
<b>Saldo final</b> .....	<b>56.901</b>	<b>128.852</b>

A 31 de diciembre de 2015, en el epígrafe de “Créditos de Empresas del Grupo Acciona” se encuentra registrada, fundamentalmente, una línea de crédito concedida a las sociedades del Grupo Acciona Windpower S.A. por parte de Acciona Financiación de Filiales, S.A. por un límite total de 187.500 miles de euros, cuyo importe dispuesto a 31 de diciembre de 2015 asciende a 56.901 miles de euros (82.824 miles de euros en 2014).

Esta deuda tiene situado su vencimiento en 2016, pudiendo ser prorrogada tácitamente por años sucesivos y devenga intereses a tipos de mercado referenciados al Euribor.

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A 31 de diciembre de 2014 también estaba registrada en el mismo epígrafe una línea de crédito concedida por Acciona, S.A. por un límite total de 85.000 miles de euros, cuyo importe dispuesto en esa fecha ascendía a 45.856 miles de euros y que fue totalmente amortizada por el Grupo en el ejercicio 2015, devengando intereses a tipos de mercado referenciados al Euribor durante su vigencia.

## **17. Situación fiscal**

### Grupo Fiscal consolidado

De acuerdo con la normativa vigente, el Grupo Fiscal consolidado cuya Sociedad dominante es Acciona, S.A. incluye a la Sociedad Dominante y a determinadas sociedades españolas del Grupo Corporación Acciona Windpower S.L., que cumplen los requisitos exigidos por la normativa fiscal.

El resto de las entidades dependientes del Grupo presentan individualmente sus declaraciones de impuestos, de acuerdo con el régimen local aplicable o la normativa fiscal vigente en cada país.

### Ejercicios sujetos a inspección fiscal

Al 31 de diciembre de 2015 se encuentran sujetos a revisión por las autoridades fiscales los ejercicios no prescritos y que no han sido objeto de inspección, tanto del Impuesto sobre Sociedades como del resto de los principales impuestos que son de aplicación en cada uno de los ámbitos geográficos en los que el Grupo opera. Las entidades consolidadas españolas tienen, en general, sujetos a inspección por las autoridades fiscales los últimos cuatro ejercicios en relación con los principales impuestos que les son de aplicación (cinco para el Impuesto de Sociedades).

Debido a las diferentes interpretaciones que pueden darse a las normas fiscales, los resultados de las inspecciones que en el futuro pudieran llevar a cabo las autoridades fiscales para los años sujetos a verificación, podrían dar lugar a pasivos fiscales cuyo importe no es posible cuantificar en la actualidad de una manera objetiva. No obstante, los Administradores consideran que la probabilidad de que materialicen pasivos significativos adicionales a los registrados por este concepto es remota.

### Saldos mantenidos con las Administraciones Públicas

Los saldos deudores y acreedores con Administraciones Públicas, a 31 de diciembre de 2015 y 2014, en miles de euros, son los siguientes:

	2015		2014	
	Diferido	Corriente	Diferido	Corriente
<b>Saldos deudores</b>				
IVA .....	—	17.404	—	18.701
Otros impuestos indirectos .....	—	26.975	—	18.317
Impuestos diferidos .....	41.482	—	44.577	—
Otros .....	—	12	—	7
<b>Total saldos deudores</b> .....	<b>41.482</b>	<b>44.391</b>	<b>44.577</b>	<b>37.025</b>
<b>Saldos acreedores</b>				
Retenciones IRPF .....	—	1.047	—	738
IVA y otros impuestos indirectos .....	—	3.620	—	1.279
Impuestos diferidos .....	14.946	—	11.861	—
Seguridad Social .....	—	840	—	2.436
Otros impuestos locales .....	—	201	—	736
<b>Total saldos acreedores</b> .....	<b>14.946</b>	<b>5.708</b>	<b>11.861</b>	<b>5.189</b>
		(nota 15)		(nota 15)

En el ejercicio 2015, la principal variación del saldo deudor por IVA y otros impuestos indirectos procede del saldo a recuperar por IVA soportado en Acciona Windpower, S.A. así como del crecimiento de impuestos

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indirectos a recuperar por la realización de proyectos internacionales (principalmente en México y Brasil), y que se recuperarán en su gran mayoría a la finalización de los mismos.

Además de estos saldos y relacionados con activos y pasivos por impuestos sobre las ganancias corrientes, se recogen, en miles de euros, los siguientes:

	<u>2015</u>	<u>2014</u>
Activos por impuestos sobre las ganancias corrientes . . . . .	499	63
Pasivos por impuestos sobre las ganancias corrientes . . . . .	6.251	—

Conciliación del resultado contable con el resultado fiscal

Dado el carácter multinacional de las actividades realizadas por el Grupo, la presentación de la determinación del gasto por impuesto se realiza a partir del resultado contable antes de impuestos, de tal forma que, la conciliación no se formula con referencia al tipo impositivo general del Impuesto sobre Sociedades vigente en España, sino tomando en consideración los distintos tipos impositivos que son de aplicación en cada una de las jurisdicciones fiscales en las que se realizan las correspondientes operaciones. La conciliación del gasto por Impuesto sobre Sociedades de los ejercicios 2015 y 2014, en miles de euros es la siguiente:

	<u>2015</u>	<u>2014</u>
Resultado consolidado antes de impuestos . . . . .	63.340	(10.223)
Diferencias permanentes . . . . .	(464)	1.240
Resultado contable ajustado . . . . .	62.876	(8.983)
Gasto por impuesto ajustado al tipo impositivo . . . . .	20.122	(2.816)
Deducciones . . . . .	(3.388)	(2.862)
Compensación bases imponibles no contabilizadas . . . . .	—	(5.591)
Créditos fiscales no reconocidos . . . . .	740	1.697
Gasto por impuesto de ejercicio . . . . .	17.474	(9.572)
Variación tipo impositivo . . . . .	309	494
Regularización impuesto ejercicios anteriores y otros . . . . .	1.001	38
<b>Gasto/ (Ingreso) por impuesto en la cuenta de resultados . . . . .</b>	<b><u>18.784</u></b>	<b><u>(9.040)</u></b>

Las “Diferencias permanentes” están constituidas por gastos e ingresos que no son computables de acuerdo con la legislación fiscal aplicable. Adicionalmente, también incorpora aquellos resultados que son objeto de eliminación en el proceso de consolidación pero que, sin embargo, tienen plena eficacia fiscal en el ámbito de las liquidaciones fiscales individuales de las correspondientes entidades del Grupo, especialmente de aquellas que están al margen del grupo fiscal.

Como se ha señalado anteriormente, el “Gasto por impuesto ajustado al tipo impositivo”, resulta de la aplicación de los diferentes tipos impositivos aplicables al resultado contable ajustado de cada una de las jurisdicciones.

En la partida “Créditos fiscales no reconocidos” se incluye el efecto fiscal que se deriva de no registrar los resultados negativos generados por algunas filiales ajenas al grupo fiscal.

Como consecuencia de la reducción del tipo impositivo al 28% y al definitivo del 25%, introducida en España, para periodos impositivos iniciados a partir de 2015 y 2016, respectivamente, aprobada por la nueva ley del Impuesto sobre Sociedades, Ley 27/2014, de 27 de noviembre, el Grupo ha actualizado aquellos activos y pasivos por impuesto diferido generados en relación con transacciones y operaciones realizadas en el ámbito nacional, pasando de un 30% a un 28% o 25%, según el calendario estimado de aplicación/reversión. El impacto que esta actualización ha tenido sobre aquellos activos y pasivos por impuesto diferido surgidos en transacciones u operaciones registradas en la cuenta de resultados consolidada, ha sido de un ingreso de 309 miles de euros en 2015 (494 miles de euros en 2014), que se presenta en la partida “Variación tipo impositivo” del cuadro de conciliación mostrado anteriormente.

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A continuación se muestra la conciliación entre el resultado contable antes de impuestos y el resultado fiscal de los ejercicios 2015 y 2014, en miles de euros:

	<u>2015</u>	<u>2014</u>
Resultado consolidado antes de impuestos .....	63.340	(10.223)
Diferencias permanentes .....	(322)	1.240
Diferencias temporales .....	14.017	4.399
Compensación bases impositivas negativas .....	(36.282)	(17.836)
<b>Base imponible</b> .....	<u><b>40.753</b></u>	<u><b>(22.420)</b></u>

Impuestos reconocidos en el patrimonio neto consolidado

Independientemente de los impuestos sobre beneficios reconocidos en la cuenta de resultados consolidada, en los ejercicios 2015 y 2014 el Grupo ha repercutido en su patrimonio neto consolidado los siguientes importes, en miles de euros, por los siguientes conceptos:

	<u>2015</u>	<u>2014</u>
Diferencias de conversión .....	(2.349)	303
<b>Total</b> .....	<u><b>(2.349)</b></u>	<u><b>303</b></u>

Impuestos diferidos

Conforme a la normativa fiscal vigente en los distintos países en los que se encuentran radicadas las entidades consolidadas, en los ejercicios 2015 y 2014 han surgido determinadas diferencias temporarias que deben ser tenidas en cuenta al tiempo de cuantificar el correspondiente gasto del impuesto sobre beneficios.

Los orígenes de los impuestos diferidos registrados en ambos ejercicios, en miles de euros, son:

	<u>Miles de euros</u>	
	<u>2015</u>	<u>2014</u>
<b>Impuestos diferidos deudores con origen en:</b>		
Bases impositivas negativas pendientes de compensar .....	16.062	29.819
Deterioros, amortización y otras provisiones .....	24.307	13.169
Diferencias de conversión .....	900	1.526
Otros conceptos .....	213	63
<b>Total impuestos diferidos deudores</b> .....	<u><b>41.482</b></u>	<u><b>44.577</b></u>

	<u>Miles de euros</u>	
	<u>2015</u>	<u>2014</u>
<b>Impuestos diferidos acreedores con origen en:</b>		
Ajustes de consolidación .....	5.860	6.242
Diferencias de conversión .....	4.237	1.596
Amortizaciones aceleradas .....	3.313	3.528
Otros conceptos .....	1.536	495
<b>Total impuestos diferidos acreedores</b> .....	<u><b>14.946</b></u>	<u><b>11.861</b></u>

La práctica totalidad de los anticipados y diferidos registrados a 31 de diciembre de 2015 tienen un plazo de realización superior a los 12 meses.

Al cierre del ejercicio 2015, las fechas de vencimiento de los créditos fiscales registrados por bases impositivas negativas pendientes de aplicar eran, en miles de euros, las siguientes:

<u>Importe</u>	<u>Periodo de prescripción</u>
2.536	2031
11.419	2032
2.107	2033
<b>16.062</b>	<b>Total</b>

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La totalidad del importe se corresponde a créditos fiscales registrados en EEUU como consecuencia, fundamentalmente, de la aplicación en estos países de beneficios por amortización acelerada previstos en la legislación correspondiente.

Al cierre del ejercicio no hay deducciones pendientes de aplicar no activadas por importe significativo.

En relación con las bases imponibles negativas pendientes de compensar registradas en libros, el Grupo espera su recuperación a través de la actividad ordinaria de las sociedades sin riesgo patrimonial.

La mayor parte de los Impuestos diferidos deudores del apartado de “Deterioros y otras provisiones” corresponden a los deterioros registrados en el ejercicio 2013 (véanse notas 4 y 5).

La legislación en vigor relativa al Impuesto sobre Sociedades establece diversos incentivos fiscales con objeto de fomentar determinadas inversiones. Las sociedades se han acogido a los beneficios fiscales previstos en la citada legislación.

El Grupo, a través de su Sociedad Dominante y por algunas de las sociedades dependientes, está obligado a cumplir los compromisos adquiridos en relación con incentivos fiscales, consistentes en mantener los requisitos de permanencia para los activos afectos a deducción por inversiones o reinversión.

**18. Garantías comprometidas con terceros y otros pasivos contingentes**

Las sociedades del Grupo mantienen avales ante clientes, organismos públicos y entidades financieras por importe de 156.401 miles de euros a 31 de diciembre de 2015 (165.023 miles de euros a 31 de diciembre de 2014) de los que aproximadamente 87.646 miles de euros han sido dispuestos de líneas cuya titularidad es de Acciona Energía, S.A. (76.350 miles de euros al 31 de diciembre de 2014).

**19. Acreedores comerciales y otras cuentas a pagar**

El desglose de este epígrafe del estado de situación financiera consolidada es el siguiente, en miles de euros:

<b>Acreedores comerciales y otras cuentas a pagar</b>	<b>2015</b>	<b>2014</b>
Acreedores empresas del Grupo Acciona (nota 24) .....	3.751	16.624
Deudas por compras y servicios .....	147.680	119.273
Anticipos recibidos de clientes .....	155.253	271.633
<b>Saldo final .....</b>	<b>306.684</b>	<b>407.530</b>

El importe de anticipos recibidos por pedidos se corresponde fundamentalmente con los entregados por los clientes a cuenta de la ejecución futura de proyectos en los diferentes países en que opera el Grupo, básicamente Brasil, Estados Unidos y México.

**20. Ingresos ordinarios**

El análisis de los ingresos ordinarios del Grupo, en miles de euros, se desglosa a continuación:

	<b>2015</b>	<b>2014</b>
Ventas		
Aerogeneradores .....	899.420	583.124
Energía .....	8.292	6.724
Otras ventas .....	45.259	43.755
Prestación de servicios .....	5.000	6.020
<b>Total .....</b>	<b>957.971</b>	<b>639.623</b>

El importe de los ingresos ordinarios por grado de avance, tal y como se detalla en la nota 3.2.M), al 31 de diciembre de 2015 y 2014 ascienden a 899.420 y 582.925 miles de euros, respectivamente.

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El desglose de los ingresos ordinarios del Grupo, por áreas geográficas, expresadas en miles de euros, es el siguiente:

	<u>Mercado Interior</u>	<u>Unión Europea</u>	<u>Países OCDE</u>	<u>Resto países</u>	<u>Total</u>
<b>2015</b>					
Ventas					
Aerogeneradores .....	2.320	32.132	632.915	232.053	899.420
Energía .....	7.804	—	488	—	8.292
Otras ventas .....	16.725	277	22.719	5.538	45.259
Prestación de servicios .....	4.991	—	7	2	5.000
<b>Total producción 2015 .....</b>	<b>31.840</b>	<b>32.409</b>	<b>656.129</b>	<b>237.593</b>	<b>957.971</b>
<b>2014</b>					
Ventas					
Aerogeneradores .....	33	8.775	277.970	296.346	583.124
Energía .....	6.559	—	165	—	6.724
Otras ventas .....	15.595	248	26.070	1.842	43.755
Prestación de servicios .....	5.868	—	152	—	6.020
<b>Total producción 2014 .....</b>	<b>28.055</b>	<b>9.023</b>	<b>304.357</b>	<b>298.188</b>	<b>639.623</b>

**21. Gastos de explotación**

El desglose de los gastos del Grupo, en miles de euros, es el siguiente:

	<u>2015</u>	<u>2014</u>
<b>Consumo de materias primas y otros aprovisionamientos .....</b>	<b>756.009</b>	<b>525.436</b>
Compras .....	752.740	534.507
Variación de existencias .....	3.269	(8.965)
<b>Gastos de personal .....</b>	<b>66.568</b>	<b>50.717</b>
Sueldos y salarios .....	49.846	37.484
Otros conceptos retributivos .....	160	224
Seguridad Social .....	12.012	9.326
Otros gastos de personal .....	4.550	3.683
<b>Otros gastos externos .....</b>	<b>48.863</b>	<b>41.343</b>
<b>Correcciones valorativas .....</b>	<b>1.619</b>	<b>1.804</b>
<b>Dotación a la amortización .....</b>	<b>21.655</b>	<b>22.793</b>
Inmovilizado material (nota 4) .....	17.155	15.101
Otros activos intangibles (nota 5) .....	4.500	7.692

Personal:

El número medio de personas empleadas en el curso de los ejercicios 2015 y 2014 por categorías profesionales ha sido el siguiente:

	<u>2015</u>	<u>2014</u>
Personal directivo y mandos .....	102	90
Técnicos titulados .....	450	349
Personal administrativo .....	54	37
Resto personal .....	708	506
<b>Total Personal Medio .....</b>	<b>1.314</b>	<b>982</b>

Del número medio de personas empleadas, corresponden 490 personas en el año 2015 y 459 personas en el año 2014 a la Sociedad Acciona Windpower, S.A. y el resto a sociedades dependientes del Grupo.

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La clasificación por sexos del número medio de personas empleadas de los ejercicios 2015 y 2014 del personal y de los Administradores del Grupo es como sigue:

	Año 2015			Año 2014		
	Hombres	Mujeres	Total	Hombres	Mujeres	Total
Administradores .....	2	—	2	2	—	2
Directivos y Mandos .....	95	7	102	84	6	90
Técnicos Titulados .....	340	110	450	254	95	349
Personal administrativo y soporte .....	21	33	54	14	23	37
Resto personal .....	626	82	708	450	56	506
<b>Total personal medio .....</b>	<b>1.085</b>	<b>231</b>	<b>1.316</b>	<b>804</b>	<b>180</b>	<b>984</b>

Otros gastos externos:

El desglose del saldo de este epígrafe de la cuenta de resultados consolidada es el siguiente, en miles de euros:

	2015	2014
Gastos de I+D .....	3.717	3.128
Reparación y conservación .....	6.996	4.691
Arrendamientos y cánones .....	3.941	3.606
Servicios profesionales independientes .....	19.018	17.181
Primas de seguros .....	876	923
Suministros .....	3.132	3.100
Otros gastos .....	11.183	8.714
<b>Total .....</b>	<b>48.863</b>	<b>41.343</b>

En el epígrafe de “Gastos de I+D” se recoge el importe de los gastos incurridos en el ejercicio en tareas de Investigación y Desarrollo. Tras un análisis detallado de los conceptos incurridos, un importe de 3.171 miles de euros han sido incorporados al inmovilizado intangible a través del epígrafe “Otros Ingresos” en el ejercicio 2015 (3.043 miles de euros en 2014).

Correcciones valorativas:

El desglose del saldo de este epígrafe de la cuenta de resultados consolidada es el siguiente, en miles de euros:

	2015	2014
Correcciones valorativas de existencias (nota 7) .....	(6)	(1.516)
Correcciones valorativas pérdidas créditos incobrables .....	768	5.306
Otras correcciones valorativas .....	857	(1.986)
<b>Total .....</b>	<b>1.619</b>	<b>1.804</b>

**22. Ingresos y gastos financieros**

El desglose de estos capítulos de las cuentas de resultados consolidadas de los ejercicios 2015 y 2014, en función del origen de las partidas que lo conforman, en miles de euros, es el siguiente:

	2015	2014
De empresas del grupo (nota 24) .....	—	130
Otros intereses e ingresos financieros .....	2.541	3.210
<b>Total ingresos financieros .....</b>	<b>2.541</b>	<b>3.340</b>
Intereses de préstamos y créditos con terceros .....	3.128	8.463
De empresas del grupo (nota 24) .....	6.388	5.616
<b>Total gastos financieros .....</b>	<b>9.516</b>	<b>14.079</b>



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**23. Hechos posteriores**

Entre el 31 de diciembre de 2015 y la fecha de preparación de estos estados financieros consolidados no se ha producido ningún suceso que les afecte de manera significativa.

**24. Saldos y transacciones con partes vinculadas**

Las operaciones entre la Sociedad Dominante y sus sociedades dependientes, que son partes vinculadas, y que forman parte del tráfico habitual en cuanto a su objeto y condiciones, han sido eliminadas en el proceso de consolidación según lo indicado en estas notas explicativas y no se desglosan en esta nota las operaciones realizadas con el Socio Único y con las sociedades participadas por éste, se desglosan en continuación.

Operaciones con el Socio Único

Los saldos y transacciones mantenidos con Acciona, S.A., (Socio Único de la Sociedad Dominante) durante los ejercicios 2015 y 2014, en miles de euros, son los siguientes:

	2015		2014	
	Saldos deudores / Gastos	Saldos acreedores / Ingresos	Saldos deudores / Gastos	Saldos acreedores / Ingresos
Préstamo a corto plazo (nota 16) .....	—	—	—	45.856
Por tributación consolidada (nota 8) .....	23.644	—	25.272	—
Acreedores (nota 19) .....	—	1.467	—	3.027
Otros gastos externos .....	1.546	—	977	—
Gastos financieros (nota 22) .....	1.099	—	2.976	—

Operaciones con empresas participadas por el Socio Único

Al 31 de diciembre de 2015 y 2014, los saldos deudores y acreedores mantenidos con empresas participadas por el Socio Único, en miles de euros, son los siguientes:

	2015		2014	
	Saldos deudores / Gastos	Saldos acreedores / Ingresos	Saldos deudores / Gastos	Saldos acreedores / Ingresos
Préstamo a corto plazo (nota 6) .....	24.648	—	—	—
Créditos a corto plazo (nota 16) .....	—	56.901	—	82.996
Deudores comerciales y otras cuentas a cobrar (nota 8) .....	52.925	—	32.968	—
Acreedores comerciales y otras cuentas a pagar (nota 19) .....	—	2.284	—	13.597
Importe neto de la cifra de negocios .....	—	290.489	—	83.417
Aprovisionamientos .....	10.674	—	5.320	—
Otros gastos externos .....	3.344	—	4.787	—
Gastos financieros (nota 22) .....	5.289	—	2.640	—
Ingresos financieros (nota 22) .....	—	—	—	130

Las transacciones se han realizado a precios de mercado y corresponden fundamentalmente, a ventas de aerogeneradores así como prestaciones de servicios realizadas por sociedades del Grupo Corporación Acciona Windpower, S.L. a sociedades filiales del Grupo Acciona y por operaciones de financiación.

Operaciones con Administradores o Directivos

Se consideran “partes vinculadas” al Grupo, adicionalmente a las entidades dependientes, asociadas y multigrupo, el “personal clave” de la Dirección de la Sociedad (Administradores mancomunados y de la alta dirección, junto a sus familiares cercanos), así como las entidades sobre las que el personal clave de la Dirección pueda ejercer una influencia significativa o tener su control.

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Durante los ejercicios 2015 y 2014, excepto por las señaladas en los apartados anteriores y en la nota 25, no han existido otras transacciones realizadas por el Grupo con las partes vinculadas a éste (Socio Único, Administradores mancomunados y Directores de la Sociedad y otras partes vinculadas).

**25. Retribuciones y otras prestaciones**

**A. Órgano de Administración**

Los Administradores mancomunados no reciben retribución alguna en contraprestación a sus cargos como Administradores. En el ejercicio 2015 y 2014, las sociedades que constituyen el Órgano de Administración de la Sociedad Dominante ni sus representantes han percibido ningún tipo de retribución en contraprestación a sus cargos como Administradores ni por ningún otro concepto.

Al 31 de diciembre de 2015 y 2014 no existen saldos deudores ni acreedores mantenidos con los Administradores mancomunados. A 31 de diciembre de 2015 y 2014 no existen obligaciones contraídas en materia de pensiones o de pago de primas de seguros de vida respecto de miembros antiguos y actuales del Consejo de Administración. Tampoco se han otorgado anticipos, créditos ni garantías a favor de los Administradores mancomunados, excepto lo indicado en el apartado B) de esta nota.

**B. Alta Dirección**

La remuneración del Comité de Dirección del Grupo durante los ejercicios 2015 y 2014 puede resumirse en la forma siguiente:

	<u>2015</u>	<u>2014</u>
Número de personas .....	11	10
Retribución total (miles de euros) .....	2.457	1.666

**C. Plan de entrega de acciones y performance shares para las personas consideradas como Alta Dirección del Grupo dentro del Grupo Acciona**

La Junta General de Accionistas de Acciona, S.A. de 24 de junio 2014 adoptó el siguiente acuerdo:

A) Extender el plazo de vigencia del Plan de Entrega de Acciones y Opciones a la dirección del Grupo Acciona, incluyendo los Consejeros Ejecutivos, aprobado por la Junta General de accionistas de 4 de junio de 2009 de Acciona, S.A., para su aplicación en los ejercicios 2014 a 2020, aumentando el número máximo de acciones disponibles, en 200.000 acciones.

B) Facultar al Consejo de Administración de Acciona, S.A. para que, con toda la amplitud que se requiera en Derecho y a propuesta del Comité de Nombramientos y Retribuciones, modifique en los términos y condiciones que considere conveniente el Reglamento del Plan, estableciendo condiciones y plazos de entrega, períodos de devengo, criterios y límites de asignación, y cualquier otro aspecto que considere relevante con la finalidad de alinear en mayor medida los intereses a largo plazo de los Consejeros Ejecutivos y directivos del Grupo Acciona con los de los accionistas de Acciona, S.A. y potenciar su motivación en la realización de mayor valor y estabilidad a largo plazo del grupo así como consolidar la fidelización y permanencia de los mismos en el Grupo Acciona.

Al amparo de esta autorización, el Consejo de Administración del Grupo Acciona aprobó el 26 de febrero de 2015, previa propuesta del Comité de Nombramientos y Retribuciones, la modificación del Reglamento del Plan, formulando uno nuevo cuyo plazo de vigencia se extiende al sexenio 2014 a 2019, ambos inclusive, cuyas características principales son las siguientes:

**A) Objeto del Plan**

El Plan 2014 de Entrega de Acciones y de “Performance Shares” a la dirección de Acciona y su Grupo (el Plan de Entrega de Acciones/Performance Shares) tiene por objetivo retribuir a la dirección, incluyendo los Consejeros Ejecutivos, de Acciona, S.A. (“Acciona”) y del grupo de sociedades y empresas del que Acciona,

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S.A. es sociedad dominante o posee una participación significativa en la gestión (el “Grupo Acciona” o “Acciona y su grupo”) de un modo que incentive la consecución de objetivos estratégicos de negocio de Acciona y de su grupo en beneficio de los accionistas de Acciona, y la fidelización y retención de los directivos.

**B) Indicadores estratégicos y objetivos a cumplir**

El cumplimiento de objetivos se hará en función de los indicadores estratégicos de negocio. Éstos han sido definidos por el Consejo de Administración de Acciona S.A. para los ejercicios comprendidos entre 2014 y 2019.

**C) Beneficiarios del Plan**

En los que respecta a los Directivos de Acciona y su grupo, Consejo de Administración de Acciona aprobará, previa consideración de la propuesta de la Comisión de Nombramientos y Retribuciones, el importe de la retribución variable individual a satisfacer mediante la entrega de acciones propias de Acciona que asigne respecto de cada uno de los ejercicios anuales a cada uno de los directivos Beneficiarios del Plan 2014 distintos de los Consejeros Ejecutivos.

La asignación podrá estar formulada en número de acciones propias o en un importe dinerario. En este último caso, su concreción en número de acciones se hará en función de la cotización de cierre del último día bursátil del mes de marzo del año en que el Consejo de Administración de Acciona acuerde la asignación. En ningún caso el número de acciones asignadas así cuantificado podrá exceder, en conjunto con las demás asignadas conforme al Plan 2014, el número máximo aprobado por la Junta General de Acciona.

Las acciones propias transmitidas a estos Beneficiarios quedarán sujetas a un derecho de recompra a favor de Acciona y ejercitable en caso de que el Beneficiario adquirente de las acciones cese en su dedicación profesional a Acciona o su Grupo antes del 31 de marzo del tercer año siguiente a aquel en que se realice la entrega por causa imputable al Beneficiario. El Consejo de Administración de Acciona podrá extender a un grupo reducido de directivos el régimen de asignación de “performance shares” y/o acciones establecido para los consejeros ejecutivos con las modificaciones en cuanto a asignaciones provisionales, régimen fiscal, objetivos, hitos intermedios y plazos de entrega que proponga el Comité de Nombramientos y Retribuciones con el propósito de potenciar su motivación en la realización de mayor valor y estabilidad a largo plazo del grupo así como consolidar la fidelización y permanencia de los mismos en el Grupo Acciona.

**D) Número de acciones disponibles para el Plan**

El número máximo de acciones que podrán ser asignadas a los Beneficiarios en aplicación del Plan 2014 será inicialmente igual a 258.035.

El número máximo de acciones que podrán ser asignadas por el Consejo de Administración de Acciona a los Beneficiarios en aplicación del Plan 2014 podrá ser incrementado por acuerdo de la Junta General de Accionistas de Acciona. En este sentido la Junta General de Accionistas de Acciona de 11 de junio de 2015 acordó aumentar el número máximo de acciones disponibles para el “Plan de Entrega de Acciones y Performance Shares 2014-2019” en 100.000 acciones, sin perjuicio de posteriores aumentos si así lo propone el Consejo de Administración y lo aprueba la Junta General de Accionistas de la misma.

La Junta General de Accionistas de Acciona celebrada el 11 de junio de 2015 extendió el número de acciones disponibles en 100.000 por lo que a cierre de 2015 el número máximo de acciones que puede ser asignado en ejecución del Plan, tras haber utilizado 29.651 para entrega a directivos incluidos en el Plan distintos de los Consejeros ejecutivos, para todo el periodo es de 328.824 acciones.

**E) Destinatarios**

El número anual de Destinatarios no excederá de 100.

Plan de sustitución de retribución variable por acciones

El Consejo de Administración de Acciona, a propuesta del Comité de Nombramientos y Retribuciones, dado el número limitado de Beneficiarios del anterior Plan, con el fin de potenciar y extender los objetivos de

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fidelización y retención a los directivos del Grupo Acciona, aprobó el 26 de marzo de 2015 el “Plan de Sustitución de Retribución Variable por acciones de Acciona, dirigido a la dirección de Acciona y su grupo” (el Plan de Sustitución), excluyendo los consejeros ejecutivos, cuyas características principales son las siguientes:

**Finalidad:** Retener e incentivar eficazmente al equipo directivo y lograr una mayor alineación de sus intereses con los de la Sociedad y su Grupo.

**Duración inicial:** Seis años (2014 a 2019).

**Objeto:** Ofrecer de forma discrecional a determinados directivos de Acciona y su grupo la opción de sustituir o canjear todo o parte de su retribución variable en efectivo por acciones de la Sociedad de acuerdo con una ecuación de canje que se determinará cada año. En 2015 la ecuación de canje aprobada conlleva un incentivo del 25% sobre la retribución variable sustituida.

**Beneficiarios:** Aquellos directivos que el Consejo de Administración de Acciona libremente proponga. Quedan excluidos de este Plan los Consejeros Ejecutivos.

**Indisponibilidad de las acciones entregadas:** Con carácter general, las acciones entregadas no podrán ser (a) enajenadas, gravadas ni dispuestas por título alguno (salvo mortis causa), ni (b) constituir sobre ellas ningún derecho de opción ni ningún otro limitativo del dominio o de garantía, hasta después del 31 de marzo del tercer año siguiente a aquel dentro del cual hayan sido entregadas las acciones al Beneficiario.

Las acciones propias transmitidas a estos Beneficiarios quedarán sujetas a un derecho de recompra a favor de Acciona y ejercitable en caso de que el Beneficiario adquirente de las acciones cese en su dedicación profesional a Acciona o su Grupo antes del 31 de marzo del tercer año siguiente a aquel en que se realice la entrega por causa imputable al Beneficiario.

El precio de las acciones de Acciona que se tomará como referencia para determinar la ecuación de canje será el precio de cotización de cierre del último día bursátil del mes de marzo del año en que el Consejo de Administración acuerde la asignación de la opción de sustitución.

**D. Auditor**

Los honorarios relativos a los servicios de auditoría de cuenta y otros servicios prestados por empresa auditora (KPMG Auditores, S.L.) de las cuentas anuales de la Sociedad Dominante y otras sociedades del Grupo Corporación Acciona Windpower, S.L. así como los honorarios por servicios facturados por otros auditores de cuentas anuales de las sociedades incluidas en la consolidación, son las siguientes, en miles de euros:

	Servicios prestados por el auditor principal		Servicios prestados por otras firmas de auditoría	
	2015	2014	2015	2014
Por servicios de Auditoría .....	174	50	66	39
Por otros Servicios .....	—	2	—	10
<b>Total servicios de Auditoría y Relacionados .....</b>	<b>174</b>	<b>52</b>	<b>66</b>	<b>49</b>
Por servicios de Asesoramiento Fiscal .....	14	8	197	12
Por otros Servicios .....	9	1	—	18
<b>Total Servicios Profesionales .....</b>	<b>23</b>	<b>9</b>	<b>197</b>	<b>30</b>

Los importes indicados en el cuadro anterior por servicios de auditoría incluye la totalidad de los honorarios relativos a la auditoría de cada ejercicio, independientemente del momento de su facturación.

**26- Otra información referente al Órgano de Administración**

De conformidad con lo establecido en el artículo 229 del Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el Texto Refundido de la Ley de Sociedades de Capital, a 31 de diciembre de 2015, de la

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información disponible por la Sociedad y la que ha sido comunicada por los Administradores mancomunados y personas vinculadas a ellos, no han incurrido en situaciones de conflicto, ya sea directo o indirecto, con el interés de la Sociedad.

**27. Propuesta de aplicación de resultados**

La propuesta de aplicación de las pérdidas del ejercicio 2015 de Corporación Acciona Windpower, S.L. que los Administradores propondrán al Socio Único para su aprobación es la siguiente (en miles de euros):

<b>Pérdidas del ejercicio</b> .....	<b>(19)</b>
Resultados negativos ejercicios anteriores .....	(19)
<b>Total</b> .....	<b><u>19</u></b>

**28. Aspectos medioambientales**

El Grupo, en línea con la estrategia dictada por el Grupo Acciona y con su política medioambiental, desarrolla actividades y proyectos relacionados con la gestión en este ámbito. Además de los costes inicialmente incurridos por el Grupo en la instalación de sus parques eólicos y otras instalaciones productivas en los ejercicios 2015 y 2014 no se ha incurrido en gastos, en relación con aspectos medioambientales.

A 31 de diciembre de 2015 y 2014 el Grupo no mantiene litigios en curso o contingencias relacionadas con la protección y mejora del medio ambiente significativos que no hayan sido debidamente provisionados. Respecto de las posibles contingencias adicionales que en materia medioambiental pudieran producirse, los Administradores de la Sociedad Dominante consideran que las mismas no serían significativas y que no existen pasivos no provisionados que no estén cubiertos con las pólizas de responsabilidad civil que las sociedades del Grupo tienen suscritas y que pudieran tener un efecto significativo en estos estados financieros consolidados.

**29. Periodo medio de pago a proveedores**

A continuación se detalla la información requerida por la Disposición final segunda de la Ley 31/2014, de 3 de diciembre, que ha sido preparada aplicando la Resolución del Instituto de Contabilidad y Auditoría de Cuentas de fecha 29 de enero de 2016. Dicha información se refiere al ámbito nacional al que exclusivamente aplica esta normativa:

<u>Periodo medio de pago y pagos realizados y pendientes de pago en la fecha de cierre del balance en España</u>	<u>2015</u>
	<u>Días</u>
Periodo medio de pago a proveedores .....	83
Ratio de operaciones pagadas .....	84
Ratio de operaciones pendientes de pago .....	71
	<u>Importe (miles de euros)</u>
Total pagos realizados .....	303.985
Total pagos pendientes .....	44.441

Conforme a lo permitido en la Resolución del Instituto de Contabilidad y Auditoría de Cuentas de 29 de enero de 2015, para este primer ejercicio de aplicación de la Obligación, no se presenta información comparativa, calificándose estos estados financieros consolidados como iniciales a los exclusivos efectos en lo que se refiere a la aplicación del principio de uniformidad y del requisito de comparabilidad.

Se entenderá por “Periodo medio de pago a proveedores” al plazo que transcurre desde la entrega de bienes o prestación de servicios a cargo del proveedor hasta el pago de la operación.

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Dicho “Periodo medio de pago a proveedores” se calcula como el cociente formado en el numerador por el sumatorio del ratio de operaciones pagadas por el importe total de los pagos realizados más el ratio de operaciones pendientes de pago por el importe total de pagos pendientes y, en el denominador, por el sumatorio total del importe total de pagos realizados y de los pagos pendientes.

El ratio de operaciones pagadas se calcula como el cociente formado en el numerador por el sumatorio de los productos correspondientes a los importes pagados, por el número de días de pago (días naturales transcurridos desde que se inicia el cómputo del plazo hasta el pago material de operación) y, en el denominador, el importe total de los pagos realizados.

Asimismo, el ratio de operaciones pendientes de pago corresponde al cociente formado en el numerador por el sumatorio de los productos correspondientes a los importes pendientes de pago, por el número de días pendiente de pago (días naturales transcurridos que se inicia el cómputo del plazo hasta el día de cierre de las cuentas anuales) y, en el denominador, el importe total de los pagos pendientes.

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**ANEXO I**

**SOCIEDADES DEPENDIENTES**

Las sociedades dependientes de Corporación Acciona Windpower, S.L. consideradas como Grupo tienen su configuración como tales de acuerdo con las NIIF. Las incluidas en la consolidación de 2015 por integración global y la información relacionada con las mismas, cerrada el 31 de diciembre de 2015, son las siguientes (importes en miles de euros):

<u>Sociedad</u>	<u>Domicilio</u>	<u>Actividad principal</u>	<u>% Particip. Nominal</u>	<u>Método de integración</u>	<u>Capital Social</u>	<u>Resultado</u>
<b>SOCIEDADES NACIONALES</b>						
Acciona Windpower, S.A. . . .	Navarra	Fabricación de turbinas eólicas	100,00	Integración global	7.625	13.411
Acciona Windpower Internacional, S.L. . . . .	Navarra	Fabricación de turbinas eólicas	100,00	Integración global	6.553	(391)
Acciona Blades, S.A. . . . .	Navarra	Fabricación de turbinas eólicas	100,00	Integración global	2.136	121
Industria Toledana de Energías Renovables, S.L. . . . .	Toledo	Fabricación de turbinas eólicas	100,00	Integración global	350	(141)
Acciona Towers, S.L. . . . .	Madrid	Fabricación de turbinas eólicas	100,00	Integración global	580	(774)
<b>SOCIEDADES INTERNACIONALES</b>						
Acciona Windpower Oceanía, Pty Ltd. . . . .	Australia	Fabricación de turbinas eólicas	100,00	Integración global	—	(137)
Aciona Windpower Korea, Inc. . . . .	Corea	Fabricación de turbinas eólicas	100,00	Integración global	—	(100)
Acciona Windpower México, Srl de CV. . . . .	Mexico	Fabricación de turbinas eólicas	100,00	Integración global	—	11.782
Acciona Windpower Chile, S.A. . . . .	Chile	Fabricación de turbinas eólicas	100,00	Integración global	6	(441)
Shangai Acciona Windpower Technical Serrvice, Co Ltd . . . . .	China	Fabricación de turbinas eólicas	100,00	Integración global	180	(2)
Acciona Windpower Brasil, Ltda . . . . .	Brasil	Fabricación de turbinas eólicas	100,00	Integración global	51.570	(1.476)
Acciona Vjetroelektrane, d.o.o. . . . .	Croacia	Fabricación de turbinas eólicas	100,00	Integración global	3	466
Acciona Windpower Southafrica Pty, Ltd. . . . .	Sudáfrica	Fabricación de turbinas eólicas	100,00	Integración global	—	1.341
Acciona Windpower Rüzgar Enerjisi Sistemleri Anoni . . . . .	Turquía	Fabricación de turbinas eólicas	100,00	Integración global	17	(1.131)
Acciona Windpower North America L.L.C. . . . .	EEUU	Fabricación de turbinas eólicas	100,00	Integración global	1	20.153
Acciona Windpower India Private Limited . . . . .	India	Fabricación de turbinas eólicas	100,00	Integración global	1.901	(349)
Acciona Windpower Deutschland GmbH . . . . .	Alemania	Fabricación de turbinas eólicas	100,00	Integración global	25	(86)



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Las sociedades dependientes de Corporación Acciona Windpower, S.L. tienen su configuración como tales de acuerdo con las NIIF. Las incluidas en la consolidación de 2014 y la información relacionada con las mismas, cerrada el 31 de diciembre de 2014, eran las siguientes (importes en miles de euros):

<u>Sociedad</u>	<u>Domicilio</u>	<u>Actividad principal</u>	<u>% Particip. Nominal</u>	<u>Método de integración</u>	<u>Capital Social</u>	<u>Resultado</u>
<b>SOCIEDADES NACIONALES</b>						
Acciona Windpower, S.A. . . . .	Navarra	Fabricación de turbinas eólicas	100,00	Integración global	2.000	(18.260)
Acciona Windpower Internacional, S.L. . . . .	Navarra	Fabricación de turbinas eólicas	100,00	Integración global	3	(28)
Acciona Blades, S.A. . . . .	Navarra	Fabricación de turbinas eólicas	100,00	Integración global	2.136	(372)
Industria Toledana de Energías Renovables, S.L. . . . .	Toledo	Fabricación de turbinas eólicas	100,00	Integración global	250	(175)
Acciona Towers, S.L. . . . .	Madrid	Fabricación de turbinas eólicas	100,00	Integración global	580	(127)
<b>SOCIEDADES INTERNACIONALES</b>						
Acciona Windpower Oceanía, Pty Ltd. . . . .	Australia	Fabricación de turbinas eólicas	100,00	Integración global	—	19
Aciona Windpower Korea, Inc. . . . .	Corea	Fabricación de turbinas eólicas	100,00	Integración global	250	1.350
Acciona Windpower México, Srl de CV. . . . .	Mexico	Fabricación de turbinas eólicas	100,00	Integración global	—	952
Acciona Windpower Chile, S.A. . . . .	Chile	Fabricación de turbinas eólicas	100,00	Integración global	6	436
Shanghai Acciona Windpower Technical Service, Co Ltd . . . . .	China	Fabricación de turbinas eólicas	100,00	Integración global	180	64
Acciona Windpower Brasil, Ltda . . . . .	Brasil	Fabricación de turbinas eólicas	100,00	Integración global	386	(4.992)
Acciona Vjetroelektrane, d.o.o. . . . .	Croacia	Fabricación de turbinas eólicas	100,00	Integración global	3	4
Acciona Windpower Southafrica Pty, Ltd. . . . .	Sudáfrica	Fabricación de turbinas eólicas	100,00	Integración global	—	2.724
Acciona Windpower Rüzgar Enerjisi Sistemleri Anoni . . . . .	Turquía	Fabricación de turbinas eólicas	100,00	Integración global	17	184
Acciona Windpower North America L.L.C. . . . .	EEUU	Fabricación de turbinas eólicas	100,00	Integración global	1	36.761
Anchor Wind, Llc . . . . .	EEUU	Venta de Energía	100,00	Integración global	12.190	(57)

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**ANEXO II**

**MODIFICACIONES EN EL PERÍMETRO DE LA CONSOLIDACIÓN**

Los cambios en el perímetro de consolidación del ejercicio 2015 han sido los siguientes:

<u>Sociedad</u>	<u>Domicilio</u>	<u>Actividad Principal</u>	<u>Modificación</u>	<u>Método consolidación ejercicio 2015</u>
Acciona Windpower India Private Limited .....	India	Fabricación de turbinas eólicas	Alta por constitución	Global
Acciona Windpower Deutschland GmbH .....	Alemania	Fabricación de turbinas eólicas	Alta por constitución	Global
Anchor Wind, LLC .....	EEUU	Venta de energía	Venta	Global

Los cambios en el perímetro de consolidación del ejercicio 2014 fueron los siguientes:

<u>Sociedad</u>	<u>Domicilio</u>	<u>Actividad Principal</u>	<u>Modificación</u>	<u>Método consolidación ejercicio 2014</u>
Acciona Windpower Rüzgar Enerjisi Sistemleri Anoni .....	Turquía	Fabricación de turbinas eólicas	Alta por constitución	Global
Acciona Windpower North America L.L.C. ....	EEUU	Fabricación de turbinas eólicas	Compra	Global
Anchor Wind, LLC .....	EEUU	Venta de Energía	Compra	Global

**ANEXO III**

**DETALLE DE RESERVAS CONSOLIDADAS Y DE DIFERENCIAS DE CONVERSIÓN**

(Importes en miles de euros)

<u>Sociedad</u>	<u>2015</u>		<u>2014</u>	
	<u>Reservas Consolidadas</u>	<u>Diferencias de Conversión</u>	<u>Reservas Consolidadas</u>	<u>Diferencias de Conversión</u>
Acciona Windpower, S.A. ....	(16.349)	(44)	1.829	(21)
Acciona Windpower Internacional, S.L. ....	(76)	—	(48)	—
Acciona Blades, S.A. ....	(24.123)	—	(23.751)	—
Industria Toledana de Energías Renovables, S.L. ....	(4.760)	—	(4.584)	—
Acciona Towers, S.L. ....	(15.029)	—	(14.902)	—
Acciona Windpower Oceanía, Pty Ltd. ....	(3.450)	(802)	(3.374)	(1.056)
Aciona Windpower Korea, Inc. ....	(225)	75	(1.582)	83
Acciona Winpower México, Srl de CV. ....	7.063	(971)	6.073	(211)
Aciona Windpower Chile, S.A. ....	1.807	(38)	1.371	3
Shangai Acciona Windpower Technical Service Co Ltd .....	(70)	6	(134)	1
Acciona Windpower Brasil, Ltda .....	(46.124)	9.810	(41.132)	3.327
Acciona Vjetroelektrane, d.o.o. ....	287	(5)	288	—
Acciona Windpower Southafrica Pty, Ltd. ....	2.651	(447)	(2)	113
Acciona Windpower Rüzgar Enerjisi Sistemleri Anoni .....	185	29	—	3
Acciona Windpower North America, L.L.C. ....	(389)	(540)	(10.498)	(25)
Acciona Windpower India Private Limited .....	—	51	—	—
Acciona Windpower Deutschland GmbH .....	—	—	(8.816)	(575)
<b>Total .....</b>	<b>(98.602)</b>	<b>7.124</b>	<b>(99.262)</b>	<b>1.642</b>

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Los Administradores Mancomunados de Corporación Acciona Windpower, S.L. en la sesión del 24 de febrero de 2016 han preparado los estados financieros consolidados del ejercicio anual terminado el 31 de diciembre de 2015:

Estados de Situación Financiera Consolidados: Página 1  
Cuenta de Resultados Consolidadas: Página 2  
Estados del Resultado Global Consolidado: Páginas 3 y 4  
Estados de Cambios en el Patrimonio Neto Consolidados: Página 5  
Estados de Flujos de Efectivo Consolidados: Página 6  
Notas explicativas y anexos: Páginas 7 a 69

A continuación, los Administradores Mancomunados de la Sociedad Dominante firman los citados documentos, rubricando la presente hoja que queda incorporada como Anexo a los estados financieros consolidados de Corporación Acciona Windpower, S.L. y Sociedades Dependientes correspondientes al ejercicio 2015.

**NOMBRE y FIRMA**

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ACCIONA CORPORACIÓN, S.A. representada por  
D. Jose Julio Figueroa Gómez de Salazar

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ACCIONA DESARROLLO CORPORATIVO, S.A.  
representada por D. Rafael Mateo Alcalá

## Informe de Auditoría Independiente de Estados Financieros Consolidados

Al Socio Único de

Corporación Acciona Windpower, S.L., por encargo de los Administradores

Hemos auditado los estados financieros adjuntos de Corporación Acciona Windpower, S.L. (la Sociedad) y sociedades dependientes (el Grupo), que comprenden el estado de situación financiera consolidado a 31 de diciembre de 2015, la cuenta de resultados consolidada, el estado del resultado global consolidado, el estado de cambios en el patrimonio neto consolidado, el estado de flujos de efectivo consolidado y las notas explicativas adjuntas correspondientes al ejercicio terminado en dicha fecha.

### *Responsabilidad de los Administradores en relación con los estados financieros consolidados*

Los Administradores de la Sociedad son responsables de preparar los estados financieros consolidados adjuntos, de forma que expresen la imagen fiel del patrimonio consolidado, de la situación financiera consolidada y de los resultados consolidados de Corporación Acciona Windpower, S.L. y sociedades dependientes, de conformidad con las Normas Internacionales de Información Financiera, adoptadas por la Unión Europea (NIIF-UE), y demás disposiciones del marco normativo de información financiera aplicables al Grupo en España, y del control interno que consideren necesario para permitir la preparación de estados financieros consolidados libres de incorrección material, debida a fraude o error.

### *Responsabilidad del auditor*

Nuestra responsabilidad es expresar una opinión sobre los estados financieros consolidados adjuntos basada en nuestra auditoría. Hemos llevado a cabo nuestra auditoría de conformidad con la normativa reguladora de la auditoría de cuentas vigente en España. Dicha normativa exige que cumplamos los requerimientos de ética, así como que planifiquemos y ejecutemos la auditoría con el fin de obtener una seguridad razonable de que los estados financieros están libres de incorrecciones materiales.

Una auditoría requiere la aplicación de procedimientos para obtener evidencia de auditoría sobre los importes y la información revelada en los estados financieros consolidados. Los procedimientos seleccionados dependen del juicio del auditor, incluida la valoración de los riesgos de incorrección material en los estados financieros consolidados, debida a fraude o error. Al efectuar dichas valoraciones del riesgo, el auditor tiene en cuenta el control interno relevante para la formulación por parte de la entidad de los estados financieros, con el fin de diseñar los procedimientos de auditoría que sean adecuados en función de las circunstancias, y no con la finalidad de expresar una opinión sobre la eficacia del control interno de la entidad. Una auditoría también incluye la evaluación de la adecuación de las políticas contables aplicadas y de la razonabilidad de las estimaciones contables realizadas por la dirección, así como la evaluación de la presentación de los estados financieros consolidados tomados en su conjunto.

Consideramos que la evidencia de auditoría que hemos obtenido proporciona una base suficiente y adecuada para nuestra opinión de auditoría.

### *Opinión*

En nuestra opinión, los estados financieros consolidados adjuntos expresan, en todos los aspectos significativos, la imagen fiel del patrimonio consolidado y de la situación financiera consolidada de Corporación Acciona Windpower, S.L. y sociedades dependientes a 31 de diciembre de 2015, así como de sus resultados consolidados y flujos de efectivo consolidados correspondientes al ejercicio anual terminado en dicha fecha, de conformidad con las Normas Internacionales de Información Financiera, adoptadas por la Unión Europea, y demás disposiciones del marco normativo de información financiera que resultan de aplicación en España.

KPMG Auditores, S.L.

Ana Melero Iriarte

22 de marzo de 2016

**Corporación Acciona Windpower, S.L.**  
**English language translation of the Audited Consolidated Financial Statements for**  
**Corporación Acciona Windpower, S.L. as of and for the year ended December 31, 2015.**

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**CORPORACIÓN ACCIONA WINDPOWER, S.L. AND SUBSIDIARIES**  
(Consolidated Group)

*(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)*

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2015 AND 2014**  
(Thousands of Euros)

<b>ASSETS</b>	<b>NOTE</b>	<b>31/12/2015</b>	<b>31/12/2014</b>
Property, plant and equipment .....	4	90,019	133,338
Other intangible assets .....	5	8,322	8,505
Non-current financial assets .....	6	497	11
Deferred tax assets .....	17	41,482	44,577
Other non-current assets .....		—	65
<b>NON-CURRENT ASSETS</b> .....		<b>140,320</b>	<b>186,496</b>
Inventories .....	7	172,291	133,539
Trade and other receivables .....	8	137,675	176,083
Other current financial assets .....	6	24,869	201
Current tax assets .....	17	499	63
Other current assets .....	17	44,391	37,025
Cash and cash equivalents .....	9	9,616	14,543
<b>CURRENT ASSETS</b> .....		<b>389,341</b>	<b>361,454</b>
<b>TOTAL ASSETS</b> .....		<b>529,661</b>	<b>547,950</b>
<b>EQUITY AND LIABILITIES</b>	<b>NOTE</b>	<b>31/12/2015</b>	<b>31/12/2014</b>
Capital .....		7,620	1,995
Share premium, retained earnings and other reserves .....		(8,628)	(99,262)
Translation differences .....		7,124	1,642
Profit/(loss) for the year .....		44,556	(1,183)
<b>Equity attributable to equity holders of the Parent</b> .....		<b>50,672</b>	<b>(96,808)</b>
Non-controlling interests .....		—	—
<b>EQUITY</b> .....	10	<b>50,672</b>	<b>(96,808)</b>
Loans and borrowings .....	12	—	2,500
Deferred tax liabilities .....	17	14,946	11,861
Provisions .....	11	45,433	22,391
Other non-current liabilities .....	15	7,669	19,080
<b>NON-CURRENT LIABILITIES</b> .....		<b>68,048</b>	<b>55,832</b>
Loans and borrowings .....	12	—	25,091
Other financial liabilities .....	16	56,901	128,852
Trade and other payables .....	19	306,684	407,530
Provisions .....	11	23,788	12,974
Current tax liabilities .....	17	6,251	—
Other current liabilities .....	15	17,317	14,479
<b>CURRENT LIABILITIES</b> .....		<b>410,941</b>	<b>588,926</b>
<b>TOTAL EQUITY AND LIABILITIES</b> .....		<b>529,661</b>	<b>547,950</b>

Notes 1 to 29 and the Appendices form an integral part of the consolidated financial statements at 31 December 2015.

**CORPORACIÓN ACCIONA WINDPOWER, S.L. AND SUBSIDIARIES**  
**(Consolidated Group)**

*(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)*

**CONSOLIDATED INCOME STATEMENTS FOR 2015 AND 2014**  
**(Thousands of Euros)**

	<u>NOTE</u>	<u>31/12/2015</u>	<u>31/12/2014</u>
Revenue .....	20	957,971	639,623
Other income .....		5,246	5,603
Raw materials and other supplies used .....	21	(756,009)	(525,436)
Personnel expenses .....	21	(66,568)	(50,717)
Other external costs .....	21	(48,863)	(41,343)
Taxes .....		(993)	(714)
Impairment .....	21	(1,619)	(1,804)
Amortisation and depreciation .....	21	(21,655)	(22,793)
Gains on disposal of non-current assets .....		756	119
Other gains/(losses) .....		(543)	(45)
<b>RESULTS FROM OPERATING ACTIVITIES .....</b>		<b>67,723</b>	<b>2,493</b>
Finance income .....	22	2,541	3,340
Finance costs .....	22	(9,516)	(14,079)
Exchange gains/(losses) .....		2,592	(1,977)
<b>PROFIT/(LOSS) BEFORE INCOME TAX .....</b>		<b>63,340</b>	<b>(10,223)</b>
Income tax expense/(tax benefit) .....	17	(18,784)	9,040
<b>PROFIT/(LOSS) FOR THE YEAR .....</b>		<b>44,556</b>	<b>(1,183)</b>
Non-controlling interests .....		—	—
<b>PROFIT/(LOSS) ATTRIBUTABLE TO THE PARENT .....</b>		<b>44,556</b>	<b>(1,183)</b>

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**CORPORACIÓN ACCIONA WINDPOWER, S.L. AND SUBSIDIARIES**  
**(Consolidated Group)**

*(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)*

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED**  
**31 DECEMBER 2015 (Thousands of Euros)**

	<u>Note</u>	<u>Amount</u>	<u>Tax effect</u>	<u>Total</u>
<b>CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR</b> .....		<b>63,340</b>	<b>(18,784)</b>	<b>44,556</b>
Attributable to the Parent .....		63,340	(18,784)	44,556
Non-controlling interests .....		—	—	—
<b>OTHER COMPREHENSIVE INCOME</b> .....		<b>7,831</b>	<b>(2,349)</b>	<b>5,482</b>
Items to be reclassified in profit or loss				
Translation differences .....	10b) and 17	7,831	(2,349)	5,482
<b>COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b> .....		<b>71,171</b>	<b>(21,133)</b>	<b>50,038</b>
<b>a) Attributable to the Parent</b> .....		<b>71,171</b>	<b>(21,133)</b>	<b>50,038</b>
<b>b) Attributable to non-controlling interests</b> .....		—	—	—

Notes 1 to 29 and the Appendices form an integral part of the consolidated financial statements at 31 December 2015.

**CORPORACIÓN ACCIONA WINDPOWER, S.L. AND SUBSIDIARIES**  
**(Consolidated Group)**

*(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)*

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED**  
**31 DECEMBER 2014 (Thousands of Euros)**

	<u>Note</u>	<u>Amount</u>	<u>Tax effect</u>	<u>Total</u>
<b>CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR</b> .....		<b>(10,223)</b>	<b>9,040</b>	<b>(1,183)</b>
Attributable to the Parent .....		(10,223)	9,040	(1,183)
Non-controlling interests .....		—	—	—
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b> .....		<b>(1,011)</b>	<b>303</b>	<b>(708)</b>
Items to be reclassified in profit or loss				
Translation differences .....	10 b) and 17	(1,011)	303	(708)
<b>COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b> .....		<b>(11,234)</b>	<b>9,343</b>	<b>(1,891)</b>
<b>a) Attributable to the Parent</b> .....		<b>(11,234)</b>	<b>9,343</b>	<b>(1,891)</b>
<b>b) Attributable to non-controlling interests</b> .....		—	—	—

Notes 1 to 29 and the Appendices form an integral part of the consolidated financial statements at 31 December 2015.

**CORPORACIÓN ACCIONA WINDPOWER, S.L. AND SUBSIDIARIES**  
**(Consolidated Group)**

*(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)*

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR 2015 AND 2014**  
**(Thousands of Euros)**

	<u>Share capital</u>	<u>Share premium and retained earnings</u>	<u>Translation differences</u>	<u>Consolidated profit/(loss)</u>	<u>Total</u>
<b>Balance at 31.12.13</b> .....	<b>1,995</b>	<b>29,781</b>	<b>2,350</b>	<b>(109,606)</b>	<b>(75,480)</b>
Application of loss .....	—	(109,606)	—	109,606	—
Other comprehensive income - Changes due to translation differences .....	—	—	(708)	—	(708)
Reductions due to business combinations .....	—	(19,314)	—	—	(19,314)
Loss for the year .....	—	—	—	(1,183)	(1,183)
Other movements .....	—	(123)	—	—	(123)
<b>Balance at 31.12.14</b> .....	<b>1,995</b>	<b>(99,262)</b>	<b>1,642</b>	<b>(1,183)</b>	<b>(96,808)</b>
Capital increases .....	5,625	90,000	—	—	95,625
Application of loss .....	—	(1,183)	—	1,183	—
Other comprehensive income - Changes due to translation differences .....	—	—	5,482	—	5,482
Increases due to business combinations ...	—	1,687	—	—	1,687
Profit for the year .....	—	—	—	44,556	44,556
Other movements .....	—	130	—	—	130
<b>Balance at 31.12.15</b> .....	<b>7,620</b>	<b>(8,628)</b>	<b>7,124</b>	<b>44,556</b>	<b>50,672</b>

Notes 1 to 29 and the Appendices form an integral part of the consolidated financial statements at 31 December 2015.

**CORPORACIÓN ACCIONA WINDPOWER, S.L. AND SUBSIDIARIES**

**(Consolidated Group)**

*(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)*

**CONSOLIDATED STATEMENTS OF CASH FLOWS FOR 2015 AND 2014**

**(Thousands of Euros)**

	<u>31/12/2015</u>	<u>31/12/2014</u>
Profit/(Loss) before tax and non-controlling interests .....	63,340	(10,223)
Amortisation and depreciation .....	21,655	22,793
Impairment .....	3,700	—
Impairment of current assets .....	1,619	1,804
Losses on disposal of non-current assets .....	(756)	(119)
Finance income .....	(2,541)	(3,340)
Finance costs .....	9,516	14,079
Exchange gains/(losses) .....	(2,592)	1,977
Other gains that do not generate cash flow .....	543	45
<b>Cash flow from operations .....</b>	<b>94,483</b>	<b>27,016</b>
Change in inventories .....	(38,752)	(12,015)
Finance income received .....	2,541	3,340
Finance costs paid .....	(8,614)	(14,079)
Income tax paid .....	6,251	—
Changes in current assets .....	31,042	(37,843)
Changes in current liabilities .....	(97,329)	137,751
<b>Cash flows from (used in) operating activities .....</b>	<b>(104,861)</b>	<b>77,154</b>
Acquisition of property, plant and equipment .....	(26,708)	(32,574)
Acquisition of intangible assets .....	(4,353)	(2,716)
Proceeds from disposals of PPE, intangible assets and non-current financial assets ....	65,975	—
Payments for investments in Group companies .....	—	15,053
Other cash flows used in investing activities .....	(486)	—
<b>Cash flows from (used in) investing activities .....</b>	<b>34,428</b>	<b>(20,237)</b>
Issue of equity instruments .....	95,625	—
Payments of current and non-current loans and borrowings .....	(2,343,079)	(1,727,005)
Collection of current and non-current loans and borrowings .....	2,315,488	1,548,092
Payments of debt to Group companies .....	(646,938)	(707,124)
Collection of debt from Group companies .....	574,988	792,260
Grants received .....	(393)	2,206
Net cash flow from other current financial assets .....	(24,668)	10,106
<b>Cash flows used in financing activities .....</b>	<b>(28,977)</b>	<b>(81,465)</b>
<b>Net increase in cash and cash equivalents .....</b>	<b>(4,927)</b>	<b>2,468</b>
<b>Cash and cash equivalents at 1 January .....</b>	<b>14,543</b>	<b>12,075</b>
<b>Cash and cash equivalents at 31 December .....</b>	<b>9,616</b>	<b>14,543</b>

Notes 1 to 29 and the Appendices form an integral part of the consolidated financial statements at 31 December 2015.

## **CORPORACIÓN ACCIONA WINDPOWER, S.L. AND SUBSIDIARIES** **(Consolidated Group)**

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

### **1. Group Activities**

Corporación Acciona Windpower, S.L. (hereinafter the Company or Parent) was incorporated with limited liability on 22 December 2008. Its registered office and head offices are located in Sarriguren (Navarra).

Pursuant to section III.1 of the Revised Spanish Companies Act approved by Royal Legislative Decree 1/2010 of 2 July 2010, Corporación Acciona Windpower, S.L., the Parent of the Group, was filed at the Mercantile Registry as a solely-owned company.

The statutory activity of the Company consists of:

- The manufacture, design, technological development and sale of wind turbines and any related components.
- The rendering of security, operational, maintenance, repair and construction services of specialist complex installations, particularly wind energy production facilities.
- Arranging and coordination activities in the rendering of engineering services.
- The performance of studies and research into renewable energies and the fostering of their use through the distribution of the technologies required for their development.
- The purchase, sale or transfer of any know-how, technology, patent, utility model and intellectual property rights.
- Agency, distribution, representation, commission and concession contracts related to the aforementioned activities.

The Company is the parent of a group of Spanish and international companies that comprise the Corporación Acciona Windpower, S.L. Group (hereinafter the Group), detailed in Appendix I to these notes, which operate mainly in the wind turbine manufacture sector and the production of energy at the wind power facilities owned by them until 31 December 2015, when they were sold (see note 4). Details of the changes to the consolidated group in 2015 and 2014 are shown in Appendix II.

The Company belongs to a group of companies headed by Acciona S.A. (see note 10.a), the shares of which are quoted on the Madrid stock exchange. The Acciona group's activities span various sectors of economic activity. The Corporación Acciona Windpower, S.L. Group forms part of the Acciona Energía Division focused on the development, construction, operation, maintenance and general industrial activity of renewable energy facilities.

### Regulation of electricity production activities

#### *Spain*

Article 24 of RD 661/2007 permits entities to sell to the market with caps and floors for the aggregate price (market price plus the feed-in tariff) applicable to energy sales. Alternatively, sales can be made at a fixed regulated tariff.

In 2013 Royal Decree-Law 2/2013 of 1 February 2013, on urgent measures in the electricity sector, was approved. This RDL, applicable since 1 January 2013, amended Royal Decree 661/2007, setting the feed-in tariffs for all technologies at zero, maintains the option of tariff sales and eliminates the floors and caps for energy sales to the market. Under this legislation, the annual tariff revaluation rates were changed from the CPI to the core inflation rate. Pursuant to this RDL, owners of facilities are required to choose between selling energy at the regulated tariff or freely on the market without receiving the feed-in tariff. This decision cannot be changed once an option has been chosen.

This remuneration framework was short lived as Royal Decree-Law 9/2013, adopting urgent measures to ensure the financial stability of the electricity supply, was published on 13 July 2013. This Royal Decree, which entered into force on 14 July 2013, repealed, inter alia, Royal Decree 661/2007 of 25 May 2007 and Royal Decree 6/2009 of 30 April 2009, of which the electricity production facility had availed, under the remuneration framework for renewable energies. This RDL introduced substantial changes to the applicable legal and economic framework.



**CORPORACIÓN ACCIONA WINDPOWER, S.L. AND SUBSIDIARIES**  
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In practical terms, this RDL led the experimental wind farms owned by the Group to opt to sell at the regulated tariff from 2013 onwards.

This new regulation foresees that, in addition to the remuneration from energy sales valued at market prices, facilities may receive specific remuneration for an amount per unit of installed capacity that covers, where applicable, the investment costs of a 'standard' facility that cannot be recovered through energy sales, and an amount for operations that covers any shortfall between operating expenses and the revenues from participation in the market for a 'standard' facility.

The specific remuneration is calculated on the basis of a 'standard' facility over its regulatory useful life, with reference to the activities carried out by an efficient, well-managed company:

- a) Standard revenues from the sale of energy generated, valued at production market prices,
- b) Standard operating expenses.
- c) Standard value of the initial investment.

These parameters, which may be amended every three years, with the exception of the initial investment, are aimed at ensuring that the specific remuneration does not exceed the minimum amount necessary to cover certain costs so as to allow facilities to compete on equal terms with other technologies in the market and to obtain reasonable remuneration. The Royal Decree establishes that the pre-tax reasonable remuneration will approximate the return on 10-year government bonds in the secondary market, plus an appropriate spread. The first additional provision of Royal Decree-Law 9/2013 sets the appropriate spread for facilities availing of the feed-in tariff regime at 300 basis points, subject to a potential review every six years.

Furthermore, Law 24/2013 was published in December 2013, which replaced Electricity Sector Law 54/1997, and provides a framework suitable for the current situation, including the elimination of the term 'special regime' and the creation of specific remuneration, and establishes the criteria for defining reasonable remuneration of facilities.

Royal Decree 413/2014 regulating electricity production that uses renewable sources, cogeneration and waste was issued on 6 June 2014 and published in the Official State Gazette on 10 June 2014. The implementing legislation for this Royal Decree, i.e. definitive Order IET 1045/2014, was issued on 20 June and published in the Official State Gazette on 29 June 2014 and contains the definitive remuneration parameters applicable to all existing and future renewable energy facilities. The resulting new model defines the remuneration of assets applicable from 14 July 2013 as a result of RDL 9/2013.

In addition to the aforementioned legislation, the Group's facility is also subject to Law 15/2012 on tax measures to support energy sustainability which, since 2013, is applicable to all electricity production facilities in Spain. The electricity tax, comprising 7% of revenue from energy sales, was applied to all the Group's facilities.

All the Group's facilities in the Spanish market operate freely in the market and sell energy to the pool through the Group company, Acciona Green Energy Development, S.L., which is engaged solely in arranging activities.

#### *United States*

The federal government and the majority of state governments have implemented measures to promote the development of electricity production from renewable sources, specifically, in the case of wind energy, renewable portfolio standards (RPS) at individual state level, production tax credits ("PTCs") at federal level and the option of applying accelerated depreciation for assets related to energy production facilities.

RPS represent a market policy freely established by certain states requiring that a minimum percentage of the electricity supply derives from renewable energies. These percentages vary between states, although the majority range between 10% and 20% of supply from 2010 to 2015. The requirements are generally implemented through a system of tradable certificates for renewable energy credits, which verifies that a kWh of electricity has been generated using a renewable source of energy. At year end, the electricity producers are required to have enough certificates to cover their annual payment; otherwise, sanctions are imposed.

**CORPORACIÓN ACCIONA WINDPOWER, S.L. AND SUBSIDIARIES**  
**(Consolidated Group)**

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Pursuant to the Energy Policy Act, PTCs provide a per-megawatt tax deduction on the electricity generated during the first 10 years of operation, adjusted each year in line with the CPI. The policy has been extended to cover other sources of renewable energy, and during the year the period for applying this deduction was extended to 2014.

In 2005, Congress established a 30% investment tax credit (ITC), which was initially applicable to solar energy projects. In 2009, a law was enacted enabling companies entitled to the PTC regime to receive ITC in exchange or, alternatively, receive a payment equal to 30% of the eligible investment for projects that commenced construction before 21 December 2011 and entered into service prior to 1 January 2013 (in the case of wind power facilities). Different deadlines were stipulated for other renewable energy generation facilities.

These schemes are aimed at boosting the competitiveness of electricity production through the use of renewable energies vis-à-vis that of fossil fuel facilities and nuclear plants.

Another tax break has been provided in the form of accelerated depreciation for tax purposes of most of the capital assets of wind farms over a period of five years on average. This system, known as the Modified Accelerated Cost Recovery System – MACR, has no expiry date.

## **2. Basis of Presentation and Consolidation Principles**

### **2.1 Basis of presentation and comparative information**

The consolidated financial statements for 2015 of Corporación Acciona Windpower, S.L. and subsidiaries (hereinafter the Group or the Corporación Acciona Windpower Group) were prepared by the board of directors of the Parent on 24 February 2016 to give a true and fair view of the consolidated equity and consolidated financial position of the Group at 31 December 2015, as well as the consolidated results of its operations, changes in the consolidated statement of comprehensive income, changes in consolidated equity and consolidated cash flows of the Group for the year then ended.

These financial statements have been prepared in accordance with the applicable financial information reporting framework and, specifically, International Financial Reporting Standards (IFRS) as adopted by the European Union (IFRS-EU) in conformity with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council and other applicable provisions in the financial reporting framework. Note 3 includes a summary of all mandatory and significant accounting principles, measurement criteria and alternative options applied under IFRS, as well as the standards and interpretations issued that were not in force at the date on which these consolidated financial statements were authorised for issue.

The accompanying consolidated financial statements have been prepared on the basis of the accounting records of the Parent and the companies forming the Group.

The Corporación Acciona Windpower Group has prepared these consolidated financial statements voluntarily as the Code of Commerce exempts subgroups with ultimate parents that are subject to the legislation of a member state of the European Union from preparing consolidated annual accounts.

The Corporación Acciona Windpower Group is included in the consolidated annual accounts of the Acciona, S.A. Group, which have been filed at the Madrid Mercantile Registry.

The consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows and the explanatory notes for 2015 include comparative figures for the prior year, which have been obtained through consistent application of IFRS-EU.

As permitted by the resolution issued on 29 January 2016 by the Spanish Accounting and Auditing Institute on the disclosures to be included in the notes to the consolidated financial statements regarding average payment periods for suppliers, note 16 does not include comparative information for 2014.

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The consolidated financial statements of the Corporación Acciona Windpower, S.L. Group and the annual accounts of the companies forming the consolidated Group for 2015 are pending approval by the shareholders. Nevertheless, the board of directors of the Parent considers that these consolidated financial statements will be approved without significant changes.

Unless stated otherwise, the figures disclosed in the consolidated financial statements are expressed in thousands of Euros, the presentation and functional currency of the Parent. Foreign operations are recognised following the accounting criteria set out in notes 2.2.e) and 3.2.O).

## **2.2 Consolidation principles**

### **a. Consolidation methods**

Subsidiaries are companies over which the Company has control, either directly or indirectly through subsidiaries. These companies are fully consolidated, as explained in section b) of this note, and details thereof are provided in Appendix I.

Joint operations managed with a third party, in which the venturers have direct rights to the assets and direct obligations for the liabilities, in proportion to their interest in the arrangement, are proportionately consolidated. There were no entities of this type in the Group at 31 December 2015 and 2014.

Associates are entities over which the Group has significant influence or joint ventures and are accounted for using the equity method. There were no entities of this type in the Group at 31 December 2015 and 2014.

### **b. Subsidiaries**

Subsidiaries are entities over which the Company has the capacity to exercise control. The Company controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The Company has power over a subsidiary when it has existing substantive rights that give it the ability to direct the relevant activities. The Company is exposed, or has rights, to variable returns from its involvement with the subsidiary when its returns from its involvement have the potential to vary as a result of the subsidiary's performance.

The annual accounts of subsidiaries are fully consolidated. Consequently, all significant balances and transactions between consolidated companies, as well as unrealised gains or losses, have been eliminated on consolidation.

Assets and liabilities and contingent liabilities of a subsidiary are measured at their fair value at the acquisition date; i.e. the date on which control is obtained, as stated in IFRS 3 Business Combinations. Any excess of the cost of acquisition over the fair value of the identifiable net assets is recognised as goodwill. If the cost of acquisition is less than the fair value of the identifiable net assets, the difference is taken to the income statement on the acquisition date.

When companies are acquired during the year, only the results from the date of acquisition until the close of that year are consolidated. Accordingly, in the case of disposals during the year, those companies' results are consolidated only from the beginning of the year until the disposal date.

Non-controlling interests are recognised at the acquisition date at the proportional part of the fair value of the identifiable assets and liabilities recognised.

Non-controlling interests are recognised in the Group's equity. Similarly, the share of non-controlling interests in profit or loss for the year is recognised under non-controlling interests in the consolidated income statement.

### **c. Eliminations on consolidation**

All significant balances and transactions between consolidated companies, as well as unrealised gains or losses, have been eliminated on consolidation.

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**d. Harmonisation**

The consolidated annual accounts have been prepared using the individual annual accounts of the companies forming the consolidated group. The individual accounts of Group companies domiciled in Spain were prepared under the Spanish General Chart of Accounts and those of foreign companies under the prevailing local legislation. All significant adjustments required to adapt balances to International Financial Reporting Standards and/or to adapt these to the Group's accounting criteria and policies have been considered in the consolidation process. The annual accounts or financial statements of the subsidiaries used in the consolidation process have been prepared as of the same date and for the same period as those of the Parent.

**e. Translation differences**

The monetary assets and liabilities of the Group's foreign companies with a functional currency other than the Euro, are translated to Euros based on the foreign exchange rates at the reporting date. Income and expenses from foreign operations are translated at the average exchange rate for the period, unless these fluctuate significantly. Capital and reserves are translated using historical exchange rates. Foreign exchange differences are recognised in equity. Translation differences are recognised as income or an expense in the period in which the investment is made or sold.

**f. Changes to the consolidated Group**

Changes to the consolidated Group in 2015 and 2014 are shown in Appendix II to these notes. The impact of these changes on the accompanying consolidated financial statements is explained in the corresponding notes thereto.

The acquisition of a 100% shareholding in Acciona Windpower North America, L.L.C. from a company in the Acciona, S.A. group in October 2014 resulted in a significant variation in the consolidated group in that year. This company engages in the assembly and installation of wind turbines in the United States.

The sale in December 2015 of Acciona Windpower North America, L.L.C.'s 100% interest in the share capital of Anchor Wind L.L.C., an Acciona Energía, S.A. group company, resulted in a significant change to the consolidated Group in 2015.

**3. Significant Accounting Policies**

**3.1 Adoption of new standards and interpretations**

Standards and interpretations effective this year

New accounting standards, amendments and interpretations took effect in 2015 and were consequently considered in the preparation of the accompanying consolidated financial statements.

<u>Standards, amendments and interpretations:</u>	<u>Description</u>	<u>Mandatory application for annual periods beginning on or after:</u>
<b>Approved for use in the EU</b>		
IFRIC 21 Levies (published in May 2013).	Interpretation on when to recognise a liability to pay government taxes or levies.	17 June 2014
Annual IFRS Improvements 2011-2013 Cycle (published in December 2013).	Minor amendments to a number of standards.	1 January 2015

As a result of the application of IFRIC 21 the Group has changed the date that certain taxes are recognised, particularly property tax, which was previously accrued throughout the year and is now recognised as an expense on 1 January. Nevertheless, given the nature of this accounting change, which is also not material, it has not had any impact on the consolidated income statement and for the same reasons no retrospective changes have been necessary.

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The other standards and interpretations have been applied with no significant impact on either the figures reported or the presentation and disclosures of these financial statements, because they do not involve major changes or they relate to economic issues that do not affect the Group.

Standards and interpretations issued and not yet in force

At the date of preparation of these consolidated financial statements, the following significant standards and interpretations have been published by the IASB but are not yet in force, either because their effective date is subsequent to the date of the consolidated financial statements or because they have not yet been adopted by the European Union:

<u>Standards, amendments and interpretations:</u>	<u>Description</u>	<u>Mandatory application for annual periods beginning on or after:</u>
<b><u>Approved for use in the EU</u></b>		
Amendment to IAS 19 Defined Benefit Plans Employee Contributions (published in November 2013).	The amendment has been issued to provide entities with the option of recognising these contributions as a reduction in the service cost in the same period in which they are payable, if certain requirements are met.	1 February 2015
Annual IFRS Improvements 2010-2012 Cycle (published in December 2013).	Minor amendments to a number of standards.	1 February 2015
Amendment to IAS 16 and IAS 38 Acceptable Methods of Depreciation and Amortisation (published in May 2014).	The amendment clarifies acceptable methods of depreciation and amortisation of property, plant and equipment and intangible assets, which do not include revenue-based methods.	1 January 2016
Amendment to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations (published in May 2014).	The amendment specifies how to account for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business.	1 January 2016
Amendment to IAS 16 and IAS 41 Agriculture: Bearer Plants (published in June 2014)	Bearer plants will now be measured at cost, rather than at fair value.	1 January 2016
Annual IFRS Improvements 2012-2014 Cycle (published in September 2014).	Minor amendments to a number of standards.	1 January 2016
Amendment to IAS 27 Equity Method in Separate Financial Statements (published in August 2014)	This amendment allows investors to use the equity method in their separate financial statements.	1 January 2016
Amendment of IAS 1: Disclosure Initiative (December 2014).	Clarifications with regard to disclosures (materiality, aggregation, order of notes, etc.).	1 January 2016
<b><u>Not approved for use in the EU</u></b>		
IFRS 9 Financial Instruments (final phase published in July 2014)	Replaces the requirements in IAS 39 for classification, measurement, recognition and derecognition of financial assets and financial liabilities, hedge accounting and impairment.	1 January 2018

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<b>Standards, amendments and interpretations:</b>	<b>Description</b>	<b>Mandatory application for annual periods beginning on or after:</b>
IFRS 15 Revenue from Contracts with Customers (published in May 2014)	New revenue recognition standard (replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31).	1 January 2018
IFRS 16 Leases (published in January 2016)	A new standard on leases (replaces IAS 17).	1 January 2019
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (published in September 2014).	Clarification on recognising gains and losses on sales or contributions of a business or an asset.	Postponed indefinitely
Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities (published in October 2014).	Clarification of the consolidation exception for investment entities.	—
Amendments to IAS 12: Recognition of deferred tax assets for unrealised losses (published in January 2016)	Clarification regarding the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value.	1 January 2017
Amendment of IAS 7: Disclosure Initiative (published in January 2016).	This amendment proposes the disclosure of the opening and closing balances of items in the financial statements when cash flows therefrom are classified as financing activity.	1 January 2017

- IFRS 9 Financial instruments:

In the future, IFRS 9 will replace IAS 39. IFRS 9 contains significant differences with the current standard with regard to financial assets, including a new classification model based on two single categories – amortised cost and fair value – eliminating the current classifications of held-to-maturity investments and available-for-sale financial assets, a new impairment model based on expected losses, rather than incurred losses, and measures to closely align hedge accounting with risk management activities.

At the present date the Group has no significant financial instruments that are affected by this standard.

- IFRS 15 – Revenue from Contracts with Customers.

IFRS 15 – Revenue from Contracts with Customers is the new standard on recognising revenue from customers and will replace the following standards and interpretations currently in force, for periods beginning on or after 1 January 2018: IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services.

The Group has not yet finalised its analysis of the future impacts of adopting this standard.

- IFRS 16 – Leases:

IFRS 16 – Leases, will replace IAS 17 Leases in years beginning on or after 1 January 2019. This new standard proposes a single model for the lessee in which all leases (optional exemption for insignificant leases or leases with a term of less than 12 months) will be recognised in the balance sheet similarly to finance leases (charging a finance cost for the amortised cost of the liability and amortisation for the right of use). A dual lease-accounting model based on the present IAS 17 remains in place for the lessor and leases will be classed as finance or operating leases.



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At the present date the future impacts of adopting this standard have not been analysed.

Except for the above-mentioned changes, the directors of the Parent do not expect any significant changes due to the introduction of other standards, amendments to standards and interpretations published but not yet effective, as these are of prospective application, changes in presentation and disclosures and/or address issues that do not apply to the Group's operations.

### **3.2 Measurement criteria**

The main accounting principles used in the consolidated financial statements prepared in accordance with International Financial Reporting Standards adopted by the European Union (IFRS-EU) are as follows:

#### **A) Business combinations**

As permitted by IFRS 1 First-time Adoption of International Financial Reporting Standards, the Group has recognised only business combinations that occurred on or after 1 January 2004, the date of transition to IFRS-EU, using the acquisition method. Entities acquired prior to that date were recognised in accordance with accounting principles prevailing at that time, taking into account the necessary corrections and adjustments at the transition date.

The Group has applied IFRS 3 Business Combinations, revised in 2008, to transactions carried out on or after 1 January 2010.

The Group applies the acquisition method for business combinations.

The acquisition date is the date on which the Group obtains control of the acquiree.

The consideration transferred in a business combination is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred or assumed, the equity instruments issued and any consideration contingent on future events or compliance with certain conditions in exchange for control of the acquiree.

The consideration transferred excludes any payment that does not form part of the exchange for the acquired business. Acquisition costs are recognised as an expense when incurred.

At the acquisition date the Group recognises the assets acquired and liabilities assumed at fair value. Liabilities assumed include any contingent liabilities that represent present obligations arising from past events for which the fair value can be reliably measured.

With the exception of lease and insurance contracts, the assets acquired and liabilities assumed are classified and designated for subsequent measurement based on contractual agreements, economic terms, accounting and operating policies and any other conditions existing at the acquisition date.

In 2014 the Group purchased a 100% shareholding in Acciona Windpower North America, LLC and Anchor Wind, LLC from a company in the Acciona Group. These acquisitions, effective from 1 October 2014, were considered to be operations under common control and were carried out through monetary transactions at their fair value on the date they were transferred. The assets and liabilities of the acquirees have been measured at the amounts at which they were recognised by the consolidated group prior to the acquisition and the difference was recognised as retained earnings.

#### **B) Property, Plant and Equipment**

Property, plant and equipment acquired for use in the production or supply of goods and services or for administrative purposes are recognised at the cost of acquisition or production, less accumulated depreciation and accumulated impairment losses.



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The recognition criteria for impairment losses on these assets, and subsequent reversals where applicable, are described in section D) of this note.

Costs of expansion, modernisation or improvements that increase the productivity, capacity or efficiency or extend the useful lives of assets are capitalised as an increase in the cost of those assets. Cost of acquisition includes the professional fees and finance costs accrued during the construction period that are directly attributable to the acquisition, construction or production of qualifying assets, which are those that require a substantial period of time to be made ready for use. The interest rate used is that corresponding to the specific financing or, in the absence of such a rate, the average financing rate of the company that has made the investment.

The cost and accumulated depreciation of property, plant and equipment which are disposed of as part of a modernisation process or for any other reason are written off.

Costs of self-constructed assets comprise internal costs based on own inventories consumed and manufacturing expenses, in addition to outside costs. These costs are capitalised under other income in the consolidated income statement.

Repair and maintenance costs of property, plant and equipment are recognised in the consolidated income statement when incurred.

The cost of acquisition less the residual value of property, plant and equipment is generally depreciated on a straight-line basis. The land on which buildings and other structures are located has an indefinite useful life and is therefore not depreciated. In 2015 and 2014 property, plant and equipment were depreciated over their estimated useful lives applying the following percentages:

**Annual depreciation rates**

Buildings . . . . .	4%
Technical installations and machinery . . . . .	4%-15%
Other installations, equipment and furniture . . . . .	10%-20%
Other property, plant and equipment . . . . .	25%

The Group reviews residual values, useful lives and depreciation methods at each financial year end. Changes to initially established criteria are accounted for as a change in accounting estimates.

Subsequent to initial recognition of the asset, only those costs incurred which will generate probable future profits and for which the amount may reliably be measured are capitalised. Costs of day-to-day servicing are recognised in profit or loss as incurred.

Following an analysis carried out by independent experts of renowned prestige using internal and external sources of information, in 2014 the Group re-estimated the useful life of its experimental wind farms at 25 years, up from the previous estimate of 20 years. This change in estimate, applied prospectively in accordance with accounting standards, was carried out using the best information available at that date and the aforementioned sources, and following an analysis based on the experience acquired in managing wind assets. The change in estimate is consistent with the financial projections prepared by the Group in its business plans for these wind farms. Amortisation and depreciation in the consolidated income statement reflect the impact of this change in estimates from 1 January 2014 onwards, which entailed a Euros 424 thousand reduction in the depreciation charge in 2014. This change affects all Spanish and international wind farm facilities.

**Finance leases**

Property, plant and equipment acquired through finance leases are recognised under the applicable asset category and depreciated over the expected useful life of the asset using the same criteria as for owned assets.

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**C) Intangible assets**

Intangible assets are recognised initially at cost of acquisition or cost of production and subsequently measured at cost less accumulated amortisation and the necessary reductions to reflect impairment losses incurred.

All the Group's intangible assets have finite useful lives and are amortised using criteria similar to those applied for the depreciation of property, plant and equipment. Intangible assets are amortised over their estimated average useful lives applying the following percentages:

**Annual amortisation rates**

Development .....	20%
Administrative concessions and licences .....	33.3%
Computer software .....	20%

Any decrease in the carrying amount of intangible assets is recognised under impairment losses of non-current assets in the consolidated income statement. The recognition criteria for impairment losses on intangible assets, and subsequent reversals where applicable, are similar to those used for property, plant and equipment (see section D) of this note).

The Group reviews the residual value, useful life and amortisation method for intangible assets at each financial year end. Changes to initially established criteria are accounted for as a change in accounting estimates.

**- *Research and development***

Expenditure on research activities is recognised as an expense when incurred. The Group's development expenses, basically related to wind power and industrial activity, have only been capitalised to the extent that:

- The Group has technical studies that demonstrate the feasibility of the production process.
- The Group has undertaken a commitment to complete production of the asset, to make it available for sale (or internal use).
- The asset will generate sufficient future economic benefits.
- The Group has the technical and financial resources to complete the asset's development.

Research and development expenditure is amortised on a straight-line basis over its useful life; or is expensed as incurred when the above-mentioned conditions are not met.

**- *Industrial property***

Industrial property reflects the right granted by third parties to use certain patents in production processes. These assets are measured at acquisition cost and are amortised based on the manufacture and sale of units produced under the patents.

**- *Computer software***

Acquisition and development costs incurred in respect of essential computer software for management of the Group are recognised at cost of acquisition.

Software maintenance costs are expensed as incurred.

**D) Impairment of non-financial assets subject to amortisation or depreciation**

The Group reviews the carrying amount of its intangible assets and property, plant and equipment at each year end to determine whether there is any indication of impairment. If there are indications of impairment, the asset's recoverable amount is calculated to determine the extent of any impairment loss. Recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets, in which case the Group determines the recoverable amount of the smallest identifiable cash-generating unit (CGU) to which the asset belongs.

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Furthermore, the Group tests any intangible assets that are not yet ready to enter service for potential impairment annually, irrespective of whether there is any indication that the assets may be impaired.

Where the carrying amount of an asset (or cash-generating unit) is deemed to exceed its recoverable amount, the carrying amount is written down to recoverable amount. An impairment loss is recognised in the income statement.

Recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

In testing a CGU for impairment, the Group identifies all the corporate assets that relate to the CGU. If a portion of the corporate assets can be allocated on a reasonable and consistent basis to the CGU, the Group compares the carrying amount of the CGU, including the corporate asset, with its recoverable amount and, where applicable, recognises any impairment loss at CGU level. If the Group cannot allocate a portion of the corporate assets on a reasonable and consistent basis to the CGU, it compares the carrying amount of the unit, excluding the corporate asset, with its recoverable amount and recognises, where applicable, any impairment loss at CGU level. The Group identifies the smallest group of CGUs to which the carrying amount of the corporate asset can be allocated on a reasonable and consistent basis and compares the carrying amount of the group of CGUs, including the corporate assets, with the recoverable amount and recognises, where applicable, the impairment loss at CGU group level.

An impairment loss is reversed only to the extent that the carrying amount of the asset (or cash-generating unit) does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are recognised as income.

Impairment losses for cash-generating units are allocated first to reduce the carrying amount of goodwill allocated to the unit and then to the other assets of the unit pro rata with their carrying amounts. The carrying amount of each asset may not be reduced below the highest of its fair value less costs of disposal, its value in use and zero.

The recoverable amount is the higher of fair value less costs to sell and value in use, which is understood as the present value of estimated future cash flows.

A reversal of an impairment loss for a CGU is allocated to the assets of each unit, except goodwill, pro rata with the carrying amounts of those assets. The carrying amount of an asset may not be increased above the lower of its recoverable amount and the carrying amount that would have been disclosed, net of amortisation or depreciation, had no impairment loss been recognised.

**E) Leases – Lessee accounting**

Leases that at the inception date and in accordance with the corresponding conditions transfer substantially all the risks and rewards of ownership of the assets to third parties are classified as finance leases, otherwise they are classified as operating leases.

**- *Finance leases***

When the lessee is a consolidated company, the cost of the leased assets is recognised in the consolidated statement of financial position based on the nature of the asset, and a liability is simultaneously recognised for the lower of the fair value of the leased asset and the present value of the total lease instalments payable to the lessor plus the exercise price of any purchase option. These assets are depreciated using the same criteria as for property, plant and equipment of a similar nature. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the assets are fully depreciated over the shorter of the lease term and their useful lives.

Finance costs arising on these contracts are charged to the consolidated income statement using the effective interest method on a straight-line basis over the term of the contracts.

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*- Operating leases*

In operating leases the significant risks and rewards of ownership remain with the lessor. The related assets are recognised at cost of acquisition.

When a consolidated company is the lessee, lease expenses net of any incentives received by the lessor, are recognised as expenses on a straight-line basis over the lease term.

Payments collected and receivable in respect of incentives to sign operating lease contracts are also taken to income on a straight-line basis over the term of the lease.

**F) Financial Instruments – Disclosures**

The qualitative and quantitative disclosures relating to financial instruments, risk management and capital management in the consolidated financial statements are outlined in the following notes:

- Categories of financial assets and financial liabilities, including derivative financial instruments, and measurement criteria – note 3.2 G).
- Classification of fair value measurements for financial assets and derivative financial instruments according to the fair value hierarchy defined in IFRS 7 – note 3.2.G).
- Capital disclosure requirements (quantitative and qualitative) – note 10.
- Accounting and risk management policies – note 13.

**G) Financial instruments**

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument in IAS 32 “Financial Instruments: Presentation”.

The Group recognises financial instruments when it becomes party to the contract or legal transaction, in accordance with the terms set out therein.

*– Current and non-current financial assets, except hedging derivatives*

Financial assets held by Group companies are classified as follows:

- Loans and receivables: financial assets generated on providing cash, assets or services directly to a debtor. These are initially recognised at fair value and subsequently at amortised cost, which is the initial fair value less reimbursements of the principal, plus accrued interest receivable calculated using the effective interest method.
- Financial assets held to maturity: assets with fixed or determinable payments and fixed maturity. The Group states its intention and capacity to keep these assets from the date of acquisition to the date of maturity. These mainly comprise current deposits that are measured using the criteria applicable to loans and other receivables described above.

At each year end, Group management assesses whether there are any indications of impairment on any of its consolidated financial assets valued at amortised cost. A financial asset or group of financial assets is impaired when there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that will have a negative effect on the future cash flows of that asset or group of assets, which can be estimated.

The amount of the impairment loss is measured as the difference between the carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate of the asset. The loss is recognised directly in the consolidated income statement for the year in which it occurs. If the amount of the

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impairment loss is subsequently reduced and this reduction can be objectively attributed to an event that occurred after the initial recognition of the impairment, it is reversed in the consolidated income statement for that year.

Purchases and sales of financial assets are recognised at the trading date.

– *Derecognition of financial assets*

The Group derecognises financial assets when they expire or when the rights to the cash flows from the financial asset have been transferred and the risks and rewards of ownership have been substantially transferred. This is the case in firm sales of assets, transfers of balances receivable in factoring operations in which the Group does not retain any credit or interest rate risk, sales of financial assets with the option to repurchase at their fair value or securitisation of financial assets in which the cedent does not retain any subordinated financing or extend any type of guarantee or assume any other type of risk.

If, as a result of a transfer, a financial asset is derecognised in its entirety, the new financial asset, financial liability or servicing liability are recognised at fair value.

If the transferred asset is part of a larger financial asset, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, including servicing assets, based on the relative fair values of those parts on the date of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received, net of transaction costs, including any new asset obtained less any new liability assumed and any cumulative gain or loss deferred in other comprehensive income, is recognised in profit or loss.

– *Financial liabilities*

Financial liabilities, including trade and other payables, which are not classified at fair value through profit or loss, are initially recognised at fair value less any transaction costs that are directly attributable to the issue of the financial liability. After initial recognition, liabilities classified under this category are measured at amortised cost using the effective interest method.

– *Derecognition and reclassifications of financial liabilities*

The Group derecognises all or part of a financial liability when it either discharges the liability by paying the creditor, or is legally released from primary responsibility for the liability either by process of law or by the creditor.

The exchange of debt instruments between the Group and the counterparty or substantial modifications of initially recognised liabilities are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, providing the instruments have substantially different terms.

The Group considers the terms to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the exchange is accounted for as an extinguishment of the financial liability, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

The difference between the carrying amount of a financial liability, or part of a financial liability, extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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– Offsetting principles

A financial asset and a financial liability are offset only when the Group currently has the legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

– Classification as current and non-current

Assets and liabilities are classified as current in the consolidated statement of financial position when maturity is within twelve months after the reporting date.

Current loans and borrowings for which a long-term refinancing agreement is assured by each Group company that has received financing through non-current credit facilities are classified as non-current liabilities.

H) Inventories

Inventories are measured at the lower of cost of purchase or production and net realisable value.

The purchase price comprises the amount invoiced by the seller, after deduction of any discounts, rebates or other similar items, such as interest incorporated into the nominal amount, plus any additional costs incurred to bring the goods to a saleable condition and other costs directly attributable to the acquisition, as well as indirect taxes not recoverable from the Spanish taxation authorities.

Estimated product returns relating to sales that customers are entitled to return, net of the effect of any reduction in value, are recognised as inventories on consignment when the products are sold.

Trade discounts are recognised as a reduction in cost of inventories when it is probable that the conditions for discounts to be received will be met. Unallocated discounts are recognised in the consolidated income statement as a decrease in raw materials other supplies used.

The production cost of inventories comprises the purchase price of raw materials and consumables, costs directly related to the units of production and systematic allocation of indirect costs, fixed and variable production overheads that are incurred in converting materials into finished goods.

The cost of raw materials and other supplies, the cost of merchandise and costs of conversion are allocated to each inventory unit on a weighted average cost basis.

The Group uses the same cost model for all inventories of the same nature and with a similar use.

When the cost of inventories exceeds net realisable value, materials are written down to net realisable value, which is understood to be:

- For raw materials and other supplies, replacement cost. Nevertheless, raw materials and other supplies are not written down below cost if the finished goods into which they will be incorporated are expected to be sold at or above cost of production.

The previously recognised write-down is reversed against profit and loss when the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances. The reversal of the write-down is limited to the lower of the cost and the revised net realisable value of the inventories.

I) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits in financial institutions. They also include other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent when it has a maturity of less than three months from the date of acquisition.



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**J) Termination benefits**

In accordance with prevailing legislation, Spanish companies and certain foreign entities are liable to pay compensation to employees whose services are discontinued, except in the case of justifiable cause. The Group companies do not currently have any plans for dismissals for which sufficient provision has not been made in accordance with prevailing legislation.

**K) Provisions**

The Group's consolidated financial statements include all the provisions that cover present obligations at the reporting date that arise as a result of past events and which will probably entail an outflow of resources for the companies. The provisions are for items that are specific in nature but the amount and/or timing of which are uncertain. This includes all provisions for which the probability of having to meet the obligation is higher than the probability of not having to do so.

Provisions are based on the best information available on the outcome of the event for which they are recognised, and are restated at year end. Provisions are made to cover specific obligations and are partially or fully reversed when these obligations are reduced or no longer exist.

*- Legal proceedings and/or claims in progress*

At 2015 and 2014 year end, various legal proceedings and claims had been filed against the consolidated companies arising from their ordinary course of activity. The Parent's directors, based on the opinions of the Group's legal advisors, do not consider that the outcome of these legal proceedings will have a significant effect on the respective consolidated financial statements and, consequently, no provisions have been made in this respect.

*- Provisions for liabilities and charges*

Group policy is to make provision for liabilities and charges to cover estimated balances relating to guarantee commitments acquired from the sale of installations and machinery in accordance with the terms and conditions of the sales contracts.

*- Trade provisions*

Trade provisions comprise the estimated costs payable in respect of certain Group obligations.

*- Provisions for pensions and similar obligations*

Group companies have not arranged supplementary pension plans in addition to Social Security schemes.

**L) Grants and other deferred income**

Non-refundable capital grants received from official institutions to finance investment in property, plant and equipment are recorded under non-current liabilities in the consolidated statement of financial position at the original amount granted. These grants are taken to income as other income on a straight-line basis over the useful life of the fixed assets for which the grants have been received.

Operating grants are recognised under other income.

Financial liabilities comprising implicit assistance in the form of below-market interest rates are initially recognised at fair value. The difference between this value, adjusted where necessary for the issue costs of the financial liability and the amount received, is recognised as a government grant based on the nature of the grant awarded.



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**M) Revenue recognition**

Revenues are calculated at the fair value of the amounts received or receivable for goods delivered and services rendered as part of ordinary activity, less discounts, VAT and other sales-related taxes.

Sales and expenses are allocated on an accrual basis.

The Group's sales of wind turbines are made through construction contracts. Sales are recognised under revenues in the consolidated income statement on the basis of the percentage of completion, and are calculated using the price and conditions established in the sale contract, the cost incurred and the estimated total costs, in line with the budgets detailed in each contract. Construction contract costs comprise costs that relate directly to the specific contract, those that are attributable to contract activity in general and can be allocated to the contract, and such other costs as are specifically chargeable to the customer under the terms of the contract.

Revenue and costs associated with a construction contract are recognised by reference to the stage of completion at the reporting date when the outcome of the construction contract can be measured reliably. The Group enters into fixed price contracts, which are recognised when the revenues, stage of completion and attributable costs and those to be incurred can be clearly identified, enabling comparison of the actual costs with those estimated, and it is probable that the economic benefits associated with the contracts will be flow to the Group.

Changes to expected contract revenue and contract costs are recognised prospectively in the current year and as a change in estimates in future years.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable, whilst contract costs are recognised as an expense in the period in which they are incurred. When the uncertainties that prevented the outcome of the contract being estimated reliably no longer exist, revenue and expenses associated with the construction contract are recognised in accordance with the criteria described in the previous paragraphs. Modifications are recognised prospectively.

In the case of contracts incurring losses, the losses are recognised in full as soon as they become known.

**N) Income tax. Deferred tax assets and liabilities**

Certain Group companies form part of the consolidated tax group comprising Acciona, S.A., the Parent and other companies meeting the requirements established by income tax law in Spain.

The income tax expense for the year is calculated as the sum of current tax, resulting from applying the standard tax rate to adjusted accounting income for the year, taking into consideration any applicable deductions and deferred tax assets and liabilities.

Deferred tax assets and liabilities are income taxes recoverable or payable arising from temporary differences between the carrying amounts of assets and liabilities in the financial statements and their value for tax purposes. Deferred taxes are recognised at the tax rate at which they are expected to be realised or settled.

Income tax and variations in the deferred tax assets and liabilities that do not derive from business combinations are recognised in the consolidated income statement or under equity in the consolidated statement of financial position, depending on where the gains or losses from which they originate have been recognised.

**(i) Recognition of deferred tax liabilities**

The Group recognises all deferred tax liabilities except where:

- They arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income.
- They are associated with investments in subsidiaries, associates and joint ventures for which the Group is able to control the timing of the reversal of the temporary difference and it is not probable that the difference will reverse in the foreseeable future.

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*(ii) Recognition of deferred tax assets*

The Group recognises deferred tax assets provided that:

- it is probable that taxable profit will be available against which the deductible temporary difference can be utilised or when tax legislation allows the future conversion of deferred tax assets into a receivable from public entities. Nonetheless, assets arising from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income, are not recognised.
- the temporary differences are associated with investments in subsidiaries, associates and joint ventures that will reverse in the foreseeable future and sufficient tax gains are expected to be generated against which the temporary differences can be offset.

The Group recognises the conversion of a deferred tax asset into a receivable from public entities when it becomes enforceable in accordance with prevailing tax legislation. To this end, the deferred tax asset is derecognised with a charge to the deferred income tax expense and the receivable is recognised as a credit to the current income tax expense. Likewise, the Group recognises the exchange of a deferred tax asset for government debt securities when it acquires ownership thereof.

The Group recognises the payment obligation derived from the financial loan as an operating expense with a credit to payables to public entities.

It is considered probable that the Group will generate sufficient taxable profit to recover deferred tax assets when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which are expected to reverse in the same tax period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from a deductible temporary difference can be carried back or forward. If the only future taxable profit is derived from taxable temporary differences, the recognition of deferred tax assets arising from tax losses carried forward is limited to 70% of the deferred tax liabilities recognised.

In order to determine future taxable profit the Group takes into account tax planning opportunities, provided it intends or is likely to adopt them.

*(iii) Measurement of deferred tax assets and liabilities*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted. The tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of its assets or liabilities are also reflected in the measurement of deferred tax assets and liabilities.

The Group reviews the carrying amount of deferred tax assets at the reporting date and reduces this amount to the extent that it is not probable that sufficient taxable profit will be available against which to recover them.

Deferred tax assets that do not comply with the above conditions are not recognised in the consolidated statement of financial position. At year end the Group reassesses whether conditions are met for recognising previously unrecognised deferred tax assets.

*(iv) Offset and classification*

The Group only offsets current tax assets and liabilities if it has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The Group only offsets deferred tax assets and liabilities if it has a legally enforceable right to offset the recognised amounts, and they relate to income taxes levied by the same taxation authority on the same taxable entity or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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Deferred tax assets and liabilities are recognised in the consolidated statement of financial position under non-current assets or liabilities, irrespective of the expected date of recovery or settlement.

**O) Balances and transactions in currencies other than the functional currency**

Transactions carried out in currencies other than the functional currency of each company are recognised in the functional currency applying the exchange rate at the transaction date. Differences arising during the year between the exchange rate used in the accounts and the exchange rate in force at the date of collection or payment are recognised as finance income/costs in the consolidated income statement.

At 31 December each year, balances payable and receivable in currencies other than the functional currency, in which the financial statements of the companies in the consolidated Group are denominated, are translated applying the exchange rate at that date. Valuation differences are recognised as finance income/costs in the consolidated income statement.

**P) Environmental activities**

Environmental activities comprise the measures taken to prevent, reduce or repair the damage caused to the environment by the Group's activities.

Investments in environmental activities are stated at cost and capitalised as an increase in the carrying amount of the assets in the year in which they are made.

Costs related to these activities are expensed in the year in which they are incurred, irrespective of when the corresponding payment is made.

Provisions in respect of unquantified probable or known liabilities, litigation underway, compensation or pending obligations of an environmental nature, not covered by insurance, are made when the liability or payment obligation arises.

**Q) Non-current assets and liabilities held for sale and discontinued operations**

A discontinued operation or one lacking continuity is a line of business that the Group has decided to dispose of and/or where assets, liabilities and results can be separated for operational and financial reporting purposes.

Assets, liabilities, income and expenses of discontinued operations and non-current assets held for sale are recognised separately in the consolidated statement of financial position and consolidated income statement. There are no discontinued operations or non-current assets held for sale at 31 December 2015 and 2014.

**R) Consolidated statements of cash flows**

The consolidated statements of cash flows have been prepared using the indirect method and the following expressions and definitions:

- Cash flows: inflows and outflows of cash and cash equivalents comprising movements of short-term highly-liquid investments.
- Operating activities: usual activity of the entity and other activities not classified as investing or financing activities. Pre-tax profit/loss from continuing operations is adjusted for amortisation and depreciation, under other adjustments (net); as well as for interest paid and received, included in the same item albeit separately; for gains and losses on disposal of fixed assets, included under investing activities; for profit or loss of equity-accounted investees; and for any results, in general, that do not generate cash flows.
- Investing activities: the acquisition, sale or other disposal of non-current assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that result in changes in the size and composition of equity and of liabilities that do not form part of operating activities.

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### **3.3 Accounting estimates and judgements**

The information included in these consolidated financial statements is the responsibility of the Parent's directors.

When preparing the consolidated financial statements estimates, assumptions and judgements made by the Company's directors have been used to measure certain assets, liabilities, income, expenses and commitments recognised therein. These estimates mainly comprise:

- Measurement of assets and goodwill to evaluate any impairment losses.
- Useful lives of property, plant and equipment, investment property and intangible assets. During 2014, the Acciona Group re-estimated the useful life of its wind farms, increasing it from 20 to 25 years, for the reasons described in note 3.2 B) on the measurement criteria for property, plant and equipment. This re-estimate was recognised prospectively and its impact has been quantified.
- The Group recognises construction contracts using the percentage of completion method.
- The probability of any undetermined or contingent liabilities arising and the amount thereof.
- Calculations of provisions for onerous contracts, guarantees and litigation.
- Impairment of inventories and trade receivables.
- Taxable income and tax losses of Group companies to be declared to the taxation authorities, which have been used as the basis for the different income tax balances in the accompanying consolidated financial statements.

These estimates were made on the basis of the best information available on the events analysed at 31 December 2015. Nevertheless, future events may require these estimates to be changed in subsequent years. Any such changes in accounting estimates would be recognised prospectively.

### **3.4 Changes in estimates and accounting policies and correction of errors**

- Changes to accounting estimates are recognised in the income statement under the same heading as the previous income or expense was recorded.
- Changes in accounting policies and correction of errors. Where the impact of changes in accounting policies and corrections of errors is significant, the accumulated effect at the beginning of the year is adjusted under reserves and the effect for the year itself is recognised in the consolidated income statement for the year. In these cases, the comparative figures for the prior year are restated.

With the exception of the re-estimate of the useful life of the Group's wind farms applied in 2014, described in note 3.2 B) on measurement criteria for property, plant and equipment and in note 3.3. on accounting estimates and judgements, at 31 December 2015 no significant changes in accounting estimates and policies or corrections of errors have been made.

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**4. Property, Plant and Equipment**

Movement in the cost, accumulated depreciation and impairment of property, plant and equipment in 2015 and 2014, expressed in thousands of Euros, is as follows:

Property, plant and equipment	Land	Buildings	Technical installations and machinery	Other installations	Other property, plant and equipment	Advances and PPE under construction	Depreciation and impairment (note 21)	Total
<b>Balance at 31.12.2013</b>	<b>2,625</b>	<b>52,066</b>	<b>41,950</b>	<b>56,965</b>	<b>1,948</b>	<b>4,865</b>	<b>(66,517)</b>	<b>93,902</b>
Movement due to changes								
in consolidated Group	79	12,351	22,174	5,798	351	—	(21,100)	19,653
Additions/charges	43	1,365	7,335	22,444	258	1,129	(15,101)	17,473
Disposals	—	(332)	—	(91)	(11)	—	15	(419)
Transfers	—	—	—	—	—	—	—	—
Translation differences and other	11	1,679	3,021	798	29	1	(2,810)	2,729
<b>Balance at 31.12.2014</b>	<b>2,758</b>	<b>67,129</b>	<b>74,480</b>	<b>85,914</b>	<b>2,575</b>	<b>5,995</b>	<b>(105,513)</b>	<b>133,338</b>
Movement due to changes								
in consolidated Group	—	—	(19,628)	—	(113)	—	11,703	(8,038)
Additions/charges	—	123	3,442	23,682	390	153	(17,155)	10,635
Disposals	—	(8,081)	(35,645)	(6,986)	(1)	(5,364)	10,015	(46,062)
Transfers	—	15	2	(18)	1	—	—	—
Translation differences and other	10	1,579	1,628	(343)	(23)	(112)	(2,593)	146
<b>Balance at 31.12.2015</b>	<b>2,768</b>	<b>60,765</b>	<b>24,279</b>	<b>102,249</b>	<b>2,829</b>	<b>672</b>	<b>(103,543)</b>	<b>90,019</b>

The most significant additions in 2015 and 2014 were essentially the investments made in both periods by the Acciona Windpower, S.A. Group in the machinery and equipment necessary to transport and assemble the various components of the 3MW machine and the machinery and equipment required for the mobile factories of the concrete towers.

The investee Acciona Blades, S.A. also invested during these years in the moulds, machinery and equipment required to produce two new blade models for this 3MW machine at its facilities in Lumbier (Navarra).

In both years, Acciona Windpower Brasil invested in the new plant, machinery and equipment required to manufacture 3MW wind turbines in Bahia (Brazil).

The variations due to changes in the consolidated group mainly reflect the additions due to the acquisition of Acciona Windpower North America LLC and Anchor Wind LLC, in 2014, which respectively own production facilities and an experimental wind farm with 3MW wind turbines in the United States. The variations also reflect the disposal of Anchor Wind LLC, which was sold to an Acciona Energía Group company in 2015 (see note 1).

The disposals in 2015 included the sale of the experimental wind farms in Spain (36MW of installed power) owned by the Acciona Windpower S.A. Group to Acciona Energía Group companies.

Translation differences and other include the effect of the translation gains of Euros 146 thousand (a gain of Euros 2,729 thousand in 2014), generated primarily by the assets located in the United States acquired by the Group in 2014, as the balance sheets are denominated in US dollars and this currency appreciated by almost 10% against the Euro during 2015 (12% in 2014), as well as those expressed in Brazilian Reals.

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Itemised net balances at the 2015 and 2014 year ends, in thousands of Euros, are as follows:

<u>Property, plant and equipment</u>	<u>31.12.2015</u>			<u>31.12.2014</u>		
	<u>Cost</u>	<u>Depreciation and impairment</u>	<u>Total</u>	<u>Cost</u>	<u>Depreciation and impairment</u>	<u>Total</u>
Land .....	2,768	—	2,768	2,758	—	2,758
Buildings .....	60,765	(24,492)	36,273	67,129	(21,419)	45,710
Technical installations and machinery .....	24,279	(12,635)	11,644	74,480	(23,316)	51,164
Other installations .....	102,249	(64,065)	38,184	85,914	(54,185)	31,729
Other property, plant and equipment ..	2,829	(2,351)	478	2,575	(2,169)	406
Advances and PPE under construction .....	672	—	672	5,995	(4,424)	1,571
<b>Total .....</b>	<b><u>193,562</u></b>	<b><u>(103,543)</u></b>	<b><u>90,019</u></b>	<b><u>238,851</u></b>	<b><u>(105,513)</u></b>	<b><u>133,338</u></b>

At 31 December 2015 and 2014 the cost of property, plant and equipment of the subsidiary Acciona Windpower S.A. includes Euros 8,459 thousand in respect of assets affected by the materialisation of the Special Investment Reserve.

Fully depreciated property, plant and equipment used in operations at 31 December 2015 and 2014 amounted to Euros 43,499 thousand and Euros 36,036 thousand, respectively. The majority of these assets are in use.

Certain assets were partially financed by several grants received in 2015 and prior years (see note 15).

The Group takes out insurance policies to cover the risks to which its property, plant and equipment are exposed and for possible claims arising from its business activity, and considers that this coverage is sufficient for the risks faced by the Group.

There are no firm commitments to purchase or sell assets at 31 December 2015 and 2014.

## **5. Other Intangible Assets**

Movement during 2015 and 2014, expressed in thousands of Euros, was as follows:

<u>Other intangible assets</u>	<u>Development</u>	<u>Concessions and licences</u>	<u>Computer software</u>	<u>Amortisation and impairment losses (note 21)</u>	<u>Total</u>
<b>Balance at 31.12.13 .....</b>	<b>49,057</b>	<b>15,084</b>	<b>3,145</b>	<b>(53,807)</b>	<b>13,479</b>
Additions/charges .....	2,439	—	277	(7,692)	(4,976)
Other movements .....	54	12	(52)	(12)	2
<b>Balance at 31.12.2014 .....</b>	<b><u>51,550</u></b>	<b><u>15,096</u></b>	<b><u>3,370</u></b>	<b><u>(61,511)</u></b>	<b><u>8,505</u></b>
Additions/charges .....	3,104	—	1,249	(4,500)	(147)
Disposals .....	(11,333)	—	—	11,333	—
Other movements .....	—	9	(51)	6	(36)
<b>Balance at 31.12.2015 .....</b>	<b><u>43,321</u></b>	<b><u>15,105</u></b>	<b><u>4,568</u></b>	<b><u>(54,672)</u></b>	<b><u>8,322</u></b>

Fully amortised intangible assets at 31 December 2015 and 2014 amount to Euros 45,056 thousand and Euros 48,380 thousand, respectively.

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Itemised net balances at the 2015 and 2014 year ends, in thousands of Euros, are as follows:

	31.12.2015			31.12.2014		
	Cost	Depreciation and impairment	Total	Cost	Depreciation and impairment	Total
Development .....	43,321	(36,495)	6,826	51,550	(43,634)	7,916
Concessions and licences .....	15,105	(15,105)	—	15,096	(15,092)	4
Computer software .....	4,568	(3,072)	1,496	3,370	(2,785)	585
	<b>62,991</b>	<b>(54,672)</b>	<b>8,322</b>	<b>70,016</b>	<b>(61,511)</b>	<b>8,505</b>

The Group had no emission allowances at 31 December 2015 and 2014.

## 6. Current and Non-current Financial Assets

A breakdown of current and non-current financial assets, expressed in thousands of Euros, is as follows:

	2015		2014	
	Non-current	Current	Non-current	Current
Other loans to Acciona Group companies (note 24) . . . .	—	24,648	—	—
Other financial assets .....	—	144	—	118
Deposits and guarantees .....	497	77	11	83
<b>Net total</b> .....	<b>497</b>	<b>24,869</b>	<b>11</b>	<b>201</b>

### Other loans to Group companies

Other current loans to Acciona Group companies at 31 December 2015 include an amount of Euros 24,648 thousand extended to Acciona Financiación de Filiales, S.A., which accrues annual interest at market rates.

## 7. Inventories

Details of inventories at 31 December 2015 and 2014, expressed in thousands of Euros, are as follows:

	2015	2014
Raw materials, other supplies and goods for resale .....	126,736	130,005
Advances paid .....	66,404	24,389
Impairment .....	(20,849)	(20,855)
<b>Total inventories</b> .....	<b>172,291</b>	<b>133,539</b>

Raw materials, other supplies and goods for resale include the raw materials for assembly of the wind turbines and spare parts for the maintenance work carried out by the Group at its facilities.

Movement in impairment of inventories, in thousands of Euros, is as follows:

	Balance at 31/12/2013	Cancellations	Balance at 31/12/2014	Cancellations	Balance at 31/12/2015
<b>Inventory impairment</b> .....	22,371	(1,516) (note 21)	20,855	(6) (note 21)	(20,849)

In accordance with prudent criteria, the Group has recognised impairment where there is reasonable doubt as to the full or partial recovery of these assets. Movement in these provisions is recorded under changes in provisions in the consolidated income statement.



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**8. Trade and Other Receivables**

Details at 31 December 2015 and 2014, in thousands of Euros, are as follows:

	<u>2015</u>	<u>2014</u>
Trade receivables .....	68,362	120,753
Impairment .....	(11,548)	(10,077)
Acciona Group companies (note 24) .....	76,569	58,240
Other receivables .....	4,292	7,167
<b>Net total at 31 December</b> .....	<b><u>137,675</u></b>	<b><u>176,083</u></b>

The net balance of trade receivables essentially reflects wind turbine sales.

Acciona Group companies comprise credit balances with Acciona, S.A. totalling Euros 23,644 thousand at 31 December 2015 (Euros 25,272 thousand at 31 December 2014) as a result of forming part of the income tax group headed by this company for Spanish Group companies subject to prevailing legislation (see note 24), and balances receivable in connection with wind turbines sales made essentially to Acciona Energía group companies.

Movement in impairment of receivables is as follows:

Balance at 31 December 2013 .....	5,977
Charges .....	4,100
Balance at 31 December 2014 .....	10,077
Charges .....	1,471
Balance at 31 December 2015 .....	<u>11,548</u>

**9. Cash and Cash Equivalents**

In 2015 and 2014 the cash and cash equivalents disclosed in the consolidated statements of financial position comprised cash and earned interest at market rates.

**10. Equity**

At 31 December 2014 the Group's equity was negative mainly because of the impairment losses recognised in 2013 by the investees and losses incurred by them in that and prior years. The equity of Spanish investees in this same situation at 31 December 2014 exceeded the limits established by article 363 of the Revised Spanish Companies Act (TRLSC) in this respect.

Royal Decree-Law 3/2013 of 22 February 2013 amended the sole additional provision of Royal Decree-Law 10/2008 of 12 December 2008 on financial measures to improve the liquidity of small and medium enterprises and other supplementary economic measures, establishing that impairment losses on property, plant and equipment, investment property and inventories recognised in the annual accounts would not be considered for the purposes of determining losses for the mandatory reduction of capital regulated in article 327 of the Revised Spanish Companies Act approved by Royal Legislative Decree 1/2010 of 2 July 2010 and for mandatory dissolution foreseen in article 363.1.e) of this revised Act and compliance with the target budget of the insolvency envisaged in article 2 of Insolvency Law 22/2003 of 9 July 2003. This measure was extended to 2014, but not 2015, by Royal Decree-Law 4/2014 of 7 March 2014.

At 31 December 2015, in view of the capital increase carried out at the Parent, described in section a) of this note, and the positive results obtained during the year, the Group's equity is positive.

Details of equity and movement during the year are shown in the consolidated statement of changes in equity.

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a) Share capital

At 31 December 2014 the share capital of the Parent was represented by 199,479 registered shares of Euros 10 par value each, subscribed and fully paid.

During 2015 share capital was increased by Euros 5,625 thousand through the issue of 562,500 new shares of Euros 10 par value each, subscribed and fully paid.

As a result, at 31 December 2015 the share capital of the Parent stands at Euros 7,620 thousand and is represented by 761,979 registered shares of Euros 10 par value each, subscribed and fully paid.

The new shares were issued with a share premium of Euros 160 per share.

All shares have the same rights and there are no statutory restrictions regarding their transferability. The entire share capital is held by Acciona, S.A. and the Parent is therefore a solely-owned company.

On 4 October 2015, the Parent Acciona, S.A. entered into an agreement with the listed German company Nordex S.E. whereby Nordex, S.E. would acquire the total share capital of Corporación Acciona Windpower, S.L. and Acciona would receive as consideration: 16,100,000 newly issued shares, representing 16.6% of the share capital of Nordex, valued at Euros 26 per share, representing a total of Euros 418.6 million, plus a cash payment of Euros 366.4 million, resulting in a total amount of Euros 785 million, to be adjusted on the basis of debt existing at 31 December 2015.

b) Share premium, retained earnings, other reserves and translation differences

Details are as follows (in thousands of Euros):

	<u>2015</u>	<u>2014</u>
<b>Share premium</b> .....	90,000	—
Reserves in fully consolidated companies .....	(98,602)	(99,139)
Reserves for financial derivatives (note 14) .....	—	(123)
Losses to be applied .....	(26)	—
<b>Subtotal reserves</b> .....	<b>(98,628)</b>	<b>(99,262)</b>
<b>Translation differences</b> .....	<b>7,124</b>	<b>1,642</b>
<b>Total reserves</b> .....	<b>(1,504)</b>	<b>(97,620)</b>

i) Share premium

The share premium arising from the share capital increase carried out in September 2015 amounts to Euros 90,000 thousand at 31 December 2015 (see section a) of this note). The Revised Spanish Companies Act expressly provides for the use of share premium to increase share capital and does not stipulate any restrictions as to its use.

ii) Legal reserve

The legal reserve, which must be equal to 20% of share capital, can be used to increase share capital provided that the balance left on the reserve is at least equal to 10% of the nominal value of the total share capital after the increase. Except for this purpose, until the reserve exceeds 20% of share capital it may only be used to offset losses if no other reserves are available and must be replenished using future profits.

iii) Reserves in consolidated companies and translation differences

The Group has applied the exemption permitted by IFRS 1, “First-time Adoption of International Financial Reporting Standards”. Consequently, translation differences included in equity are those generated subsequent to the date of transition.

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A breakdown of fully consolidated reserves and translation differences by company at 31 December 2015 and 2014, in thousands of Euros, is shown in Appendix III.

c) Capital management

The Group manages its capital with the aim of safeguarding its capacity to continue operating as a going concern, so as to continue providing shareholder remuneration and benefiting other stakeholders, while maintaining an optimum financial and equity structure to reduce the cost of capital. Through this policy, creating value for the shareholder becomes compatible with access to financial markets at a competitive cost, so as to meet debt refinancing requirements and to finance investment plans not covered by the funds generated by the business.

To maintain and adjust the capital structure, the Group can adjust the amount of dividends payable to shareholders, reimburse capital, issue shares or dispose of assets to reduce debt.

Like other groups operating in the same sectors, the Acciona Group controls its capital structure on a gearing ratio basis. This ratio is calculated as net debt divided by equity. Net debt is the sum of current and non-current loans and borrowings, excluding the amounts corresponding to assets held for sale, less current investments and cash and cash equivalents. Details of leverage at 31 December 2015 and 2014 are as follows:

	Leverage	
	Thousands of Euros	
	31/12/2015	31/12/2014
<b>Net financial debt:</b>	<b>(9,616)</b>	<b>13,048</b>
Non-current financial debt	—	2,500
Current financial debt	—	25,091
Current investments, cash and cash equivalents	(9,616)	(14,543)
<b>Equity:</b>	<b>50,672</b>	<b>(96,808)</b>
Parent	50,672	(96,808)
<b>Leverage</b>	<b>—</b>	<b>—</b>

**11. Provisions**

Movement in non-current provisions at 31 December 2015 and 2014, detailed by item and in thousands of Euros, is as follows:

	Provision for Operating and maintenance /warranty	Other liabilities	TOTAL
<b>Balance at 31/12/2013</b>	<b>10,014</b>	<b>10,000</b>	<b>20,014</b>
Additions and charges	2,315	4	2,319
Applications	(1,039)	(8)	(1,047)
Transfers	(878)	—	(878)
Other movements	1,863	120	1,983
<b>Balance at 31/12/2014</b>	<b>12,275</b>	<b>10,116</b>	<b>22,391</b>
Additions and charges	22,311	—	22,311
Applications	(6,568)	—	(6,568)
Transfers	7,364	—	7,364
Other movements	51	(116)	(65)
<b>Balance at 31/12/2015</b>	<b>35,433</b>	<b>10,000</b>	<b>45,433</b>

The provision for liabilities primarily reflects the amounts estimated in relation to maintenance and warranties provided for certain sales, as outlined in note 3.2 K).

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The provision for other liabilities of Euros 10,000 thousand reflects the Parent's directors' best estimate of liabilities that could arise from the various legal proceedings, appeals, disputes and obligations involving a Group company and pending resolution at 2015 year end.

Movement in current provisions at 31 December 2015 and 2014, by item and in thousands of Euros, is as follows:

	<b>Operating and maintenance/warranty provisions</b>
<b>Balance at 31/12/2013</b> .....	<b>12,182</b>
Additions and charges .....	8,406
Transfers .....	2,431
Derecognitions and applications .....	(10,044)
Other movements .....	(1)
<b>Balance at 31/12/2014</b> .....	<b>12,974</b>
Additions and charges .....	30,295
Transfers .....	(7,364)
Derecognitions and applications .....	(11,675)
Other movements .....	(442)
<b>Balance at 31/12/2015</b> .....	<b>23,788</b>

The operating and maintenance/warranty provision primarily reflects the amounts estimated in relation with operations and maintenance and warranties for machinery, as outlined in note 3.2 K).

These provisions cover the liabilities that could arise from these commitments at year end, based on the best estimate of the directors of the Parent.

## **12. Loans and Borrowings**

Details at 31 December 2015 and 2014, in thousands of Euros, are as follows:

<b>Item</b>	<b>2015</b>		<b>2014</b>	
	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>	<b>Current</b>
Credit facilities .....	—	—	2,500	24,854
Interest payable .....	—	—	—	237
<b>Total loans and borrowings</b> .....	<b>—</b>	<b>—</b>	<b>2,500</b>	<b>25,091</b>

In 2014 the Group's credit facilities, which were entirely denominated in Euros, accrued interest at market rates tied to Euribor.

At 31 December 2015 the Group companies have no additional undrawn financing (Euros 33,124 thousand at 31 December 2014).

In addition, during 2015 and 2014 there were no defaults or other breaches of contract relating to repayment of the principal or interest on loans and borrowings.

The above-mentioned amounts mature in the years following the reporting date as follows (in thousands of Euros):

<b>Year</b>	<b>2015</b>	<b>2014</b>
2016 .....	—	2,500
<b>Total</b> .....	<b>—</b>	<b>2,500</b>

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**13. Risk Management Policy**

Due to its activities and geographical diversification, Grupo Corporación Acciona Windpower, S.L. is exposed to certain risks, which are appropriately managed through a risk management system. This risk management system has been designed to identify any potential events that could affect the business; manage the related risks through internal control and treatment systems to ensure that the probability and impact of these events are within the established tolerance levels; and provide reasonable security as to the achievement of the strategic targets of the business.

The Group's current policy is aimed at integrating its risk management within the strategy of Acciona, S.A., the Group to which the Company belongs (see note 1), and establishing the framework and principles of the risk management system.

Interest rate risk

Changes in interest rates affect the future cash flows from assets and liabilities pegged to a variable rate of interest.

Based on the estimates of the Group with respect to interest rates and targeted debt structure, hedging operations are carried out by contracting derivatives to mitigate these risks. The extent to which the debt incurred for each project is hedged depends on the type of project and the country in which this investment is made.

The interest rate on debt arranged by Group companies is pegged to Euribor.

Currency risk

The Group operates internationally and is therefore exposed to currency risk in the countries in which it invests and operates.

The Group's financial-economic general management is responsible for managing currency risk and uses non-speculative hedging criteria.

Currency risks essentially derive from the following transactions:

- Foreign currency debt contracted by Group companies and associates.
- Payables in international markets for raw materials purchased.
- Collections indexed mostly to foreign currencies.
- Investments in foreign companies.

To mitigate currency risk, the Group contracts foreign currency derivatives and exchange insurance to hedge operations and significant future cash flows based on the set risk limits. On other occasions, long-term financing of assets denominated in currencies other than the Euro is carried out in the same currency as the asset.

Net assets deriving from net investments in foreign companies with functional currencies other than the Euro are also subject to the risk of fluctuations in the exchange rate on conversion of the financial statements of these companies in the consolidation process.

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Details of current and non-current assets and liabilities and equity in the main currencies in which the Group operates at 31 December 2015 (in thousands of Euros) are as follows:

<u>Currency</u>	<u>Non-current assets</u>	<u>Current assets</u>	<u>Non-current liabilities</u>	<u>Current liabilities</u>	<u>Equity</u>	<u>Sensitivity (10%)</u>
US Dollar . . . . .	44,005	62,598	19,202	61,278	26,123	2,612
South African Rand . . . . .	133	3,884	—	593	3,424	342
Mexican Peso . . . . .	421	102,581	4,533	81,066	17,403	1,740
Brazilian Real . . . . .	16,609	185,673	—	184,302	17,980	1,798
Turkish Lira . . . . .	12	1,709	—	2,622	(901)	(90)
Australian Dollar . . . . .	100	125	—	5,196	(4,971)	(498)
Chilean Peso . . . . .	41	2,519	578	665	1,317	132
Croatian Kuna . . . . .	—	990	—	237	753	75

Credit risk

Credit risk arises when the counterparty does not fulfil their contractual obligations, thereby generating financial losses for the Group. The Group has adopted the policy of trading exclusively with solvent third parties and obtaining sufficient guarantees to reduce the risk of financial losses in the event of default. The Group only enters into contracts with entities that are at a similar or higher level of investment and obtains information about its counterparties from independent company appraisers, through other public financial information sources and from its own customer relations.

The Group's notes and trade balances receivable are from customers in different sectors and geographical areas. Credit relations with customers and customer solvency are analysed on an ongoing basis and credit guarantee insurance is taken out where necessary.

The Group is not significantly exposed to credit risk through any of its customers or groups of similar customers and credit risk is not significantly concentrated.

Credit risk and liquidity risk relating to derivative instruments with a positive fair value is limited in the Group, as both cash placements and derivative contracts are with highly solvent entities with a high credit rating, and no counterparty accumulates a significant percentage of total credit risk.

Liquidity risk

The Group manages liquidity risk prudently, maintaining sufficient cash and marketable securities, as well as contracting credit facilities with sufficient limits to support foreseen requirements.

The Group's financial-economic general management is ultimately responsible for liquidity risk management and prepares a suitable framework to control the Group's liquidity requirements in the short, medium and long term. The Group manages its liquidity by maintaining adequate reserves, appropriate banking services, availability of loans and credits, ongoing monitoring of forecasts and current cash flows, and by coupling these with financial asset and liability maturity profiles.

Economic risk and budgetary deviations

The Group has a global budget and economic control system that generates the information required by those in charge of the business to control potential risks and adopt the most appropriate management decisions. The economic and financial information generated is regularly compared with the forecast data and indicators, and deviations in terms of business volume, profitability, cash flows and other relevant, reliable parameters are assessed and any adjustments made.

Price risk

As regards price risk in the Spanish electricity market, Royal Decree-Law 9/2013, adopting urgent measures to ensure the financial stability of the electricity system, was published on 13 July 2013. This Royal Decree entered

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into force on 14 July 2013 and repealed, inter alia, Royal Decree 661/2007 of 25 May 2007. Royal Decree 413/2014 regulating electricity production that uses renewable sources, cogeneration and waste was issued on 6 June 2014 and published in the Official State Gazette on 10 June 2014. The implementing legislation for this Royal Decree, i.e. definitive Order IET 1045/2014, was issued on 20 June and published in the Official State Gazette on 29 June 2014 and contains the definitive remuneration parameters applicable to all existing and future renewable energy facilities. The resulting new model defines the remuneration of assets applicable from 14 July 2013 as a result of RDL 9/2013.

This regulation foresees that, in addition to the remuneration from energy sales valued at market prices, facilities may receive specific remuneration for an amount per unit of installed capacity that covers, where applicable, the investment costs of a 'standard' facility that cannot be recovered through energy sales, and an amount for operations that covers any shortfall between operating expenses and the revenues from participation in the market for a 'standard' facility. The amount of remuneration for investment and operations will be reviewed every three years, taking into account the revenue from energy sales to the market of a 'standard' facility, so that any increases or decreases that exceed the range set out in the aforementioned Order will be incorporated into the calculation of the specific remuneration.

Pursuant to this legislation, these amounts have been determined to ensure that the specific remuneration does not exceed the minimum amount necessary to cover certain costs so as to allow facilities to compete on equal terms with other technologies in the market and to obtain reasonable remuneration. The Royal Decree-Law provides that the pre-tax reasonable remuneration will approximate the return on 10-year government bonds in the secondary market, plus an appropriate spread. The first additional provision of Royal Decree-Law 9/2013 sets the appropriate spread for facilities availing of the feed-in tariff regime at 300 basis points, subject to a potential review every six years.

#### **14. Derivative Financial Instruments**

##### *Exchange rate hedges*

The Group uses foreign currency derivatives to cover significant operations and cash flows. In 2014 the Group hedged part of its sales and trade receivables in US Dollars through exchange rate insurance.

Details of operations contracted at 31 December 2015 and 2014 are as follows:

			2015		2014	
	<u>Currency</u>	<u>Final maturity</u>	<u>Amount contracted</u>	<u>Effect of measurement at market value</u>	<u>Amount contracted</u>	<u>Effect of measurement at market value</u>
Sale of foreign currencies . . . . .	USD	29.01.2015	—	—	2,010	172
<b>Total</b> . . . . .			—	—	<b>2,010</b>	<b>172</b>

At 31 December 2014, the market values of the exchange rate hedges were recognised as other financial liabilities amounting to Euros 172 thousand. The amounts recognised by the Group are based on the market values of equivalent instruments at the reporting date. Practically all currency purchase operations are designed and effective as cash flow hedges, and are deferred in equity at fair value.

The balance of reserves, net of the tax effect, was Euros 123 thousand (see note 10 b) at 31 December 2014.



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**15. Other Current and Non-current Liabilities**

Details of these items, in thousands of Euros, are as follows:

<u>Other liabilities</u>	<u>Non-current</u>		<u>Current</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Grants .....	2,595	8,618	—	—
Other deferred income .....	1,290	970	—	—
Other payables .....	3,784	9,492	4,261	2,240
Salaries payable .....	—	—	7,348	7,050
Public entities (note 17) .....	—	—	5,708	5,189
<b>Closing balance .....</b>	<b>7,669</b>	<b>19,080</b>	<b>17,317</b>	<b>14,479</b>

Grants and other payables include loans at subsidised interest rates from various public bodies (Centre for the Development of Industrial Technology and the Ministry of Industry and Energy) with non-current and current balances payable of Euros 3,854 thousand and Euros 3,891 thousand, respectively (Euros 6,402 thousand and Euros 312 thousand at 31 December 2014).

Grants

Movement in grants in 2015 and 2014 is as follows (in thousands of Euros):

	<u>Grants</u>
<b>Closing balance at 31.12.13 .....</b>	<b>2,647</b>
Additions .....	2,847
Taken to income statement .....	(1,360)
Additions arising from changes in the consolidated Group .....	3,992
Other .....	492
<b>Closing balance at 31.12.14 .....</b>	<b>8,618</b>
Additions .....	287
Taken to income statement .....	(1,484)
Derecognitions from changes in the consolidated Group .....	(4,146)
Other .....	(680)
<b>Closing balance at 31.12.15 .....</b>	<b>2,595</b>

The most significant additions in 2014 reflected the grants totalling Euros 2.8 million awarded to the Group company Acciona Blades, S.A. by the Regional Government of Navarra, as part of an industrial investment aid scheme.

Additions arising from changes in the consolidated Group include the Euros 3,885 thousand grant received in the United States in 2014 (Investment Tax Credit or “ITC”) (see note 2) for the Pioneer Grove experimental wind farm project, built by Anchor Wind LLC, which was included in the Group in 2014. This grant was also recognised under derecognitions from changes in the consolidated Group in 2015, following the sale of Anchor Wind LLC to an Acciona Energía Group company.

Capital grants are recognised as other income when taken to the consolidated income statement.

Other payables

Other current and non-current payables primarily include short-term and long-term repayable loans granted by Spanish public entities to the Group company Acciona Windpower, S.A. and repayable loans granted by the state of Iowa (USA) to the Group company Acciona Windpower North America, LLC.

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**16. Other Current Financial Liabilities**

Details of this item, in thousands of Euros, are as follows:

	<u>2015</u>	<u>2014</u>
Loans from Acciona Group companies (note 24) .....	56,901	128,852
<b>Closing balance</b> .....	<b>56,901</b>	<b>128,852</b>

At 31 December 2015, loans from Acciona Group companies mainly include a credit facility granted by Acciona Financiación de Filiales, S.A. to the Group company Acciona Windpower S.A. with a total limit of Euros 187,500 thousand, of which Euros 56,901 thousand had been drawn down at 31 December 2015 (Euros 82,824 thousand in 2014).

This debt matures in 2016, is automatically extendible for successive annual periods and accrues interest at market rates pegged to Euribor.

At 31 December 2014 this item also included a credit facility extended by Acciona, S.A. with a total limit of Euros 85,000 thousand, on which Euros 45,856 thousand had been drawn down at that date. This credit facility accrued interest at market rates pegged to Euribor and was repaid in full by the Group in 2015.

**17. Taxation**

Consolidated tax group

In accordance with prevailing legislation, the consolidated tax group, of which the parent is Acciona, S.A., includes the Parent and certain Spanish companies from Grupo Corporación Acciona Windpower, S.L. that meet the requirements of the tax law.

The remaining subsidiaries file individual tax returns in accordance with applicable local legislation or the legislation applicable in their respective countries.

Years open to tax inspection

At 31 December 2015 income tax and all the other main applicable taxes for the current statutory periods that have not been inspected are open to inspection by the taxation authorities, in each of the geographical areas in which the Group operates. The consolidated companies in Spain generally have all main applicable taxes for the last four years open to inspection by the taxation authorities (last five years for income tax).

Due to the treatment permitted by fiscal legislation of certain transactions, additional tax liabilities could arise in the event of future inspections, which cannot be objectively quantified at present. Nevertheless, the directors consider that the possibility of significant liabilities arising in this respect other than those already recognised is remote.

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Balances with public entities

Balances payable to and receivable from public entities at 31 December 2015 and 2014, in thousands of Euros, are as follows:

	2015		2014	
	Deferred	Current	Deferred	Current
<b>Balances receivable</b>				
VAT .....	—	17,404	—	18,701
Other indirect taxes .....	—	26,975	—	18,317
Deferred tax .....	41,482	—	44,577	—
Other .....	—	12	—	7
<b>Total balances receivable .....</b>	<b>41,482</b>	<b>44,391</b>	<b>44,577</b>	<b>37,025</b>
<b>Balances payable</b>				
Withholding tax on salaries .....	—	1,047	—	738
VAT and other indirect taxes .....	—	3,620	—	1,279
Deferred tax .....	14,946	—	11,861	—
Social Security .....	—	840	—	2,436
Other local taxes .....	—	201	—	736
<b>Total balances payable .....</b>	<b>14,946</b>	<b>5,708</b>	<b>11,861</b>	<b>5,189</b>
		(note 15)		(note 15)

The main variation in the amounts receivable for VAT and other indirect taxes in 2015 is derived from the input VAT recoverable by Acciona Windpower, S.A. and the increase in indirect taxes recoverable for the performance of international projects (primarily in Mexico and Brazil), which will mostly be recovered when they are completed.

Other current income tax assets and liabilities, in thousands of Euros, are as follows:

	2015	2014
<b>Current tax assets</b> .....	499	63
<b>Current tax liabilities</b> .....	6,251	—

Reconciliation of accounting profit/loss and taxable income/tax loss

Given the multinational nature of the Group's activities, the tax expense is calculated based on accounting profit or loss before tax. Therefore, the reconciliation is not performed based on the general income tax rate in force in Spain and instead uses the different interest rates applicable in each tax jurisdiction where the corresponding operations take place. The reconciliation of the income tax expense/income for 2015 and 2014 is as follows (in thousands of Euros):

	2015	2014
Consolidated profit/(loss) before income tax .....	63,340	(10,223)
Permanent differences .....	(464)	1,240
Adjusted accounting profit/(loss) .....	62,876	(8,983)
Tax income/expense adjusted to the tax rate .....	20,122	(2,816)
Deductions .....	(3,388)	(2,862)
Offset of unrecognised tax loss carryforwards .....	—	(5,591)
Unrecognised tax credits .....	740	1,697
Income tax expense/(income) .....	17,474	(9,572)
Change in tax rate .....	309	494
Adjustment of prior years' taxes and other .....	1,001	38
<b>Income tax expense/(income) in the income statement .....</b>	<b>18,784</b>	<b>(9,040)</b>

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Permanent differences comprise income and expense that is non-deductible in accordance with prevailing tax legislation. This item also includes the income and expenses that are eliminated on consolidation but which are nevertheless subject to taxation in the individual tax settlements of the corresponding Group companies, particularly those not included in the tax group.

As described above, the income/expense adjusted to the tax rate was determined by applying the different tax rates in force to the adjusted accounting profit/loss in each jurisdiction.

Unrecognised tax credits reflect the tax effect of not recognising the tax losses generated by certain subsidiaries not included in the tax group.

As a result of the reduction in the Spanish tax rate to 28%, and subsequently to the definitive rate of 25%, for tax periods beginning in 2015 and 2016, respectively, as approved by the new Income Tax Law 27/2014 of 27 November 2014, the Group has restated its deferred tax assets and liabilities for transactions and operations carried out within Spain, from 30% to 28% or 25%, based on the estimated timing of their application/reversal. The impact of this restatement on the deferred tax assets and liabilities arising on transactions and operations recognised in the consolidated income statement has comprised income of Euros 309 thousand in 2015 (Euros 494 thousand in 2014), which has been recognised under changes in tax rates in the reconciliation table above.

The reconciliation of the accounting profit/loss before tax and the taxable income/tax loss for 2015 and 2014, in thousands of Euros, is as follows:

	<u>2015</u>	<u>2014</u>
Consolidated profit/(loss) before income tax .....	63,340	(10,223)
Permanent differences .....	(322)	1,240
Temporary differences .....	14,017	4,399
Offset of tax loss carryforwards .....	(36,282)	(17,836)
<b>Taxable income/tax loss .....</b>	<b><u>40,753</u></b>	<b><u>(22,420)</u></b>

Income tax recognised in consolidated equity

In addition to income tax recognised in the 2015 and 2014 consolidated income statements, the Group has recognised the following amounts and items, in thousands of Euros, in consolidated equity:

	<u>2015</u>	<u>2014</u>
Translation differences .....	(2,349)	303
<b>Total .....</b>	<b><u>(2,349)</u></b>	<b><u>303</u></b>

Deferred tax

In accordance with the tax laws of the different countries in which Group companies are registered, temporary differences should be taken into account when calculating the corresponding income tax expense for 2015 and 2014.

The origin of deferred taxes recognised in both years, in thousands of Euros, is as follows:

	<u>Thousands of Euros</u>	
	<u>2015</u>	<u>2014</u>
<b>Deferred tax assets</b>		
Loss carryforwards .....	16,062	29,819
Impairment, depreciation, amortisation and other provisions .....	24,307	13,169
Translation differences .....	900	1,526
Other items .....	213	63
<b>Total deferred tax assets .....</b>	<b><u>41,482</u></b>	<b><u>44,577</u></b>

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<u>Deferred tax liabilities</u>	<u>Thousands of Euros</u>	
	<u>2015</u>	<u>2014</u>
Consolidation adjustments .....	5,860	6,242
Translation differences .....	4,237	1,596
Accelerated amortisation and depreciation .....	3,313	3,528
Other items .....	1,536	495
<b>Total deferred tax liabilities .....</b>	<b>14,946</b>	<b>11,861</b>

Practically all deferred tax assets and liabilities recognised at 31 December 2015 are expected to be realised in periods exceeding 12 months.

At the 2015 year end, the expiry dates of the tax credits for available tax loss carryforwards are as follows (in thousands of Euros):

<u>Amount</u>	<u>Available until</u>
2,536	2031
11,419	2032
2,107	2033
<b>16,062</b>	<b>Total</b>

The entire amount reflects tax credits generated in the United States mainly as a result of the application in that country of benefits for accelerated depreciation provided for in the pertinent legislation.

At year end there are no significant available deductions that have not been capitalised.

As regards the available tax loss carryforwards recognised in the accounts, the Group expects that they will be recovered through the companies' ordinary activities with no risk to their assets.

The majority of deferred tax assets deriving from impairment depreciation, amortization and other provisions reflect the impairment recorded in 2013 (see notes 4 and 5).

Prevailing income tax legislation provides tax incentives to promote certain investments. Group companies have opted to apply these tax credits.

As a condition of the tax incentives, the Parent and certain subsidiaries are required to retain the assets associated with deductions for investment or reinvestment for a certain period of time.

#### **18. Guarantees with Third Parties and Other Contingent Liabilities**

The Group companies provided guarantees to customers, public organisations and financial institutions for Euros 156,401 thousand at 31 December 2015 (Euros 165,023 thousand at 31 December 2014) of which approximately Euros 87,646 thousand were draw-downs from credit facilities held by Acciona Energía, S.A. (Euros 76,350 thousand at 31 December 2014).

#### **19. Trade and Other Payables**

Details of this item, in thousands of Euros, are as follows:

<u>Trade and other payables</u>	<u>2015</u>	<u>2014</u>
Payables, Acciona Group companies (note 24) .....	3,751	16,624
Trade payables .....	147,680	119,273
Advances from customers .....	155,253	271,633
<b>Closing balance .....</b>	<b>306,684</b>	<b>407,530</b>

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Advances for orders mainly reflect advances received from customers for the future performance of projects in the various countries in which the Group operates; essentially Brazil, the United States and Mexico.

## 20. Revenue

Details of the Group's revenues, in thousands of Euros, are as follows:

	<u>2015</u>	<u>2014</u>
Sales		
Wind turbines .....	899,420	583,124
Energy .....	8,292	6,724
Other sales .....	45,259	43,755
Services rendered .....	5,000	6,020
<b>Total .....</b>	<b><u>957,971</u></b>	<b><u>639,623</u></b>

Using the percentage of completion method as detailed in note 3.2.M), at 31 December 2015 and 2014 revenues totalled Euros 899,420 thousand and Euros 582,925 thousand, respectively.

A breakdown of the Group's revenues, detailed by geographical area and in thousands of Euros, is as follows:

	<u>Domestic market</u>	<u>European Union</u>	<u>OECD countries</u>	<u>Other countries</u>	<u>Total</u>
<i>2015</i>					
Sales					
Wind turbines .....	2,320	32,132	632,915	232,053	899,420
Energy .....	7,804	—	488	—	8,292
Other sales .....	16,725	277	22,719	5,538	45,259
Services rendered .....	4,991	—	7	2	5,000
<b>Total production 2015 .....</b>	<b><u>31,840</u></b>	<b><u>32,409</u></b>	<b><u>656,129</u></b>	<b><u>237,593</u></b>	<b><u>957,971</u></b>
<i>2014</i>					
Sales					
Wind turbines .....	33	8,775	277,970	296,346	583,124
Energy .....	6,559	—	165	—	6,724
Other sales .....	15,595	248	26,070	1,842	43,755
Services rendered .....	5,868	—	152	—	6,020
<b>Total production 2014 .....</b>	<b><u>28,055</u></b>	<b><u>9,023</u></b>	<b><u>304,357</u></b>	<b><u>298,188</u></b>	<b><u>639,623</u></b>

## 21. Operating Expenses

Details of Group expenses in thousands of Euros are as follows:

	<u>2015</u>	<u>2014</u>
<b>Raw materials and other supplies used .....</b>	<b><u>756,009</u></b>	<b><u>525,436</u></b>
Purchases .....	752,740	534,507
Change in inventories .....	3,269	(8,965)
<b>Personnel expenses .....</b>	<b><u>66,568</u></b>	<b><u>50,717</u></b>
Salaries and wages .....	49,846	37,484
Other remuneration .....	160	224
Social Security .....	12,012	9,326
Other personnel expenses .....	4,550	3,683
<b>Other external costs .....</b>	<b><u>48,863</u></b>	<b><u>41,343</u></b>
<b>Impairment .....</b>	<b><u>1,619</u></b>	<b><u>1,804</u></b>
<b>Amortisation and depreciation .....</b>	<b><u>21,655</u></b>	<b><u>22,793</u></b>
Property, plant and equipment (note 4) .....	17,155	15,101
Other intangible assets (note 5) .....	4,500	7,692

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Personnel:

The average headcount in 2015 and 2014, by professional category, was as follows:

	<u>2015</u>	<u>2014</u>
Management personnel .....	102	90
Qualified technicians .....	450	349
Administrative personnel .....	54	37
Other personnel .....	708	506
<b>Total average headcount .....</b>	<b><u>1,314</u></b>	<b><u>982</u></b>

Of the average headcounts in 2015 and 2014, 490 and 459, respectively, were Acciona Windpower, S.A. personnel and the rest from the Group's subsidiaries.

In 2015 and 2014, the distribution by gender of the Group headcount is as follows:

	<u>2015</u>			<u>2014</u>		
	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
Directors .....	2	—	2	2	—	2
Management personnel .....	95	7	102	84	6	90
Qualified technicians .....	340	110	450	254	95	349
Administrative personnel and support staff .....	21	33	54	14	23	37
Other personnel .....	626	82	708	450	56	506
<b>Total average headcount .....</b>	<b><u>1,085</u></b>	<b><u>231</u></b>	<b><u>1,316</u></b>	<b><u>804</u></b>	<b><u>180</u></b>	<b><u>984</u></b>

Other external costs:

A breakdown, in thousands of Euros, is as follows:

	<u>2015</u>	<u>2014</u>
R&D expenditure .....	3,717	3,128
Repairs and maintenance .....	6,996	4,691
Leases and royalties .....	3,941	3,606
Independent professional services .....	19,018	17,181
Insurance premiums .....	876	923
Utilities .....	3,132	3,100
Other expenses .....	11,183	8,714
<b>Total .....</b>	<b><u>48,863</u></b>	<b><u>41,343</u></b>

R&D expenditure includes the expenses incurred in research and development activities during the year. Following a detailed analysis of the expenses incurred, Euros 3,171 thousand were included in intangible assets under other income in 2015 (Euros 3,043 thousand in 2014).

Impairment:

A breakdown, in thousands of Euros, is as follows:

	<u>2015</u>	<u>2014</u>
Inventory write-downs (note 7) .....	(6)	(1,516)
Impairment recognised for losses on irrecoverable loans .....	768	5,306
Other impairment losses .....	857	(1,986)
<b>Total .....</b>	<b><u>1,619</u></b>	<b><u>1,804</u></b>



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**22. Finance Income and Costs**

A breakdown of these items in 2015 and 2014, in thousands of Euros, is as follows:

	2015	2014
Group companies (note 24) . . . . .	—	130
Other interest and finance income . . . . .	2,541	3,210
<b>Total finance income . . . . .</b>	<b>2,541</b>	<b>3,340</b>
Interest on loans and credit facilities with third parties . . . . .	3,128	8,463
Group companies (note 24) . . . . .	6,388	5,616
<b>Total finance costs . . . . .</b>	<b>9,516</b>	<b>14,079</b>

**23. Events after the Reporting Period**

No significant events have occurred between 31 December 2015 and the date of authorization of these consolidated financial statements.

**24. Related Party Balances and Transactions**

Transactions between the Parent and its subsidiaries (which are related parties) forming part of the ordinary course of business in terms of their purpose and conditions have been eliminated on consolidation as stated in these explanatory notes, and are not disclosed in this note. The transactions between the sole shareholder and its investees are detailed below.

Transactions with the sole shareholder

The balances and transactions with Acciona, S.A. (sole shareholder of the Parent) during 2015 and 2014, in thousands of Euros, are as follows:

	2015		2014	
	Balances receivable / expenses	Balances payable / income	Balances receivable / expenses	Balances payable / income
Current loan (note 16) . . . . .	—	—	—	45,856
Due to consolidated taxation (note 8) . . .	23,644	—	25,272	—
Payables (note 19) . . . . .	—	1,467	—	3,027
Other external costs . . . . .	1,546	—	977	—
Finance costs (note 22) . . . . .	1,099	—	2,976	—

Transactions with investees of the sole shareholder

Details of balances payable to and receivable from investees of the sole shareholder at 31 December 2015 and 2014, in thousands of Euros, are as follows:

	2015		2014	
	Balances receivable / expenses	Balances payable / income	Balances receivable / expenses	Balances payable / income
Current loan (note 6) . . . . .	24,648	—	—	—
Current credit facilities (note 16) . . . . .	—	56,901	—	82,996
Trade and other receivables (note 8) . . .	52,925	—	32,968	—
Trade and other payables (note 19) . . . .	—	2,284	—	13,597
Revenues . . . . .	—	290,489	—	83,417
Supplies . . . . .	10,674	—	5,320	—
Other external costs . . . . .	3,344	—	4,787	—
Finance costs (note 22) . . . . .	5,289	—	2,640	—
Finance income (note 22) . . . . .	—	—	—	130

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Transactions were at arm's length and were mainly sales of wind turbines, services rendered by Grupo Corporación Acciona Windpower, S.L. to Acciona Group subsidiaries and financing operations.

Transactions with directors or management

Related parties include not only subsidiaries, associates and jointly controlled entities, but also the Company's "key management personnel" (joint directors, senior management personnel and their close family members), as well as entities over which key management personnel may have significant influence or control.

In 2015 and 2014 the Group conducted no significant transactions with its related parties (sole shareholder, joint directors and management of the Company and other related parties), besides those mentioned in previous paragraphs and in note 25.

**25. Remuneration and Other Benefits**

A. Board of directors

The joint directors do not receive any remuneration for their services as directors. In 2015 and 2014, neither the companies forming the governing body of the Parent, nor their representatives, received remuneration of any kind for their services as directors or in any other respect.

The Group has no balances receivable from or payable to the joint directors at 31 December 2015 and 2014, nor does it have any pension plans or life insurance policies with former or current members of the board of directors. No loans, advances or guarantees have been provided to the joint directors other than those indicated in section B) of this note.

B. Senior management personnel

Remuneration of the Group's Steering Committee in 2015 and 2014 can be summarised as follows:

	<u>2015</u>	<u>2014</u>
Number of persons .....	11	10
Total remuneration (thousands of Euros) .....	2,457	1,666

C. Share and performance share delivery scheme for individuals considered as Group senior management at the Acciona Group

At their general meeting held on 24 June 2014, the shareholders of Acciona, S.A. adopted the following agreement:

A) Extend the duration of the share and share option scheme for senior management of the Acciona Group, including executive directors, approved by the shareholders of Acciona, S.A. at their general meeting on 4 June 2009, to cover 2014 to 2020, increasing the maximum number of shares available by 200,000.

B) Grant the board of directors of Acciona, S.A. the powers required by law to modify, at the request of the Appointments and Remunerations Committee, the scheme regulations in the terms and conditions it deems appropriate, establishing delivery conditions and periods, accrual periods, allocation criteria and limits and any other aspect that it considers relevant, in order to align, insofar as possible, the long-term interests of the executive directors and management of the Acciona Group with those of the shareholders of Acciona, S.A. and encourage them to foster greater value and stability of the Group and to ensure their longevity and loyalty to the Acciona Group.

In line with the powers granted and following a proposal by the Appointments and Remuneration Committee, at their meeting on 26 February 2015 the board of directors of the Acciona Group approved modifications to the

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scheme regulations and drew up a new six-year scheme from 2014 to 2019, both inclusive, the main characteristics of which are as follows:

**A) Purpose of the scheme**

The 2014 Share and Performance Share Delivery Scheme for the management of Acciona and its Group (the Share/Performance Share Delivery Scheme) is aimed at remunerating management, including executive directors, of Acciona, S.A. (“Acciona”) and the Group of companies and business of which Acciona, S.A. is the parent or where it has significant influence over their management (the “Acciona Group” or “Acciona and its Group”), in order to encourage the achievement of the strategic business targets of Acciona and its Group for the benefit of the shareholders of Acciona, and management loyalty and tenure.

**B) Strategic indicators and targets to meet**

Achievement of targets will be based on strategic business indicators. These have been defined by the board of directors of Acciona S.A. for the period from 2014 to 2019.

**C) Beneficiaries of the scheme**

As regards management of Acciona and its Group, following consideration of the proposals made by the Appointments and Remuneration Committee, the board of directors of Acciona will approve the amount of the individual variable remuneration to be paid through Acciona own shares allocated for each annual period to each director that is a beneficiary of the 2014 scheme, other than the executive directors.

This assignment may be presented as a number of own shares or as a monetary amount. In the latter case, the monetary amount will be determined on the basis of a number of shares, taking into account the closing quoted price of the last trading day in March of the year in which the board of directors of Acciona approves the allocation. Under no circumstance may the number of shares assigned quantified as a monetary amount, together with the other shares assigned under the 2014 scheme, exceed the maximum number approved by the Acciona shareholders.

The own shares transferred to these beneficiaries will be subject to a repurchase right held by Acciona that may be exercised in the event that the beneficiary that acquired the shares terminates the professional relationship with Acciona or its Group, for reasons attributable to the beneficiary, before 31 March of the third year following the delivery. As in the case of executive directors, the board of directors of Acciona may assign performance shares and/or shares (subject to any modifications relating to provisional assignments, tax regime, targets, intermediate milestones and delivery periods) to a limited number of managers proposed by the Appointments and Remuneration Committee in order to encourage them to foster greater value and long-term stability at the Group and to ensure their tenure and loyalty to the Acciona Group.

**D) Number of shares available for the scheme**

The maximum number of shares that may be assigned to beneficiaries under the 2014 scheme shall initially be 258,035.

The maximum number of shares that may be assigned by the board of directors to beneficiaries under the 2014 scheme may be increased, subject to agreement by the Acciona shareholders at the annual general meeting. At their annual general meeting on 11 June 2015, the shareholders of Acciona agreed to increase the maximum number of shares available for the “2014-2019 Share and Performance Share Delivery Scheme” by 100,000 shares, without prejudice to any subsequent increases proposed by the board of directors and approved by the shareholders at their annual general meeting.

At their annual general meeting on 11 June 2015, the shareholders of Acciona increased the number of available shares by 100,000 and consequently, at the 2015 year end, the maximum number of shares that may be assigned

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under the scheme for the entire period stands at 328,824 shares, following the conveyance of 29,651 shares to managers included in the scheme that were not executive directors

**E) Recipients**

The number of Recipients shall not exceed 100 per year.

Scheme to replace variable remuneration in exchange for shares

At the proposal of the Appointments and Remuneration Committee and in view of the limited number of beneficiaries under the above scheme, on 26 March 2015 the board of directors of Acciona approved the “Scheme for the replacement of variable remuneration in exchange for shares of Acciona, for management of Acciona and its Group” (Replacement Scheme), in order to foster and extend the loyalty and tenure objectives to managers at the Acciona Group who are not executive directors. The main characteristics of this scheme are as follows:

**Purpose:** To retain and efficiently encourage the management team and to further align their interests with those of the Company and its Group.

**Initial term:** Six years (2014 to 2019).

**Purpose:** Offer certain managers of Acciona and its Group, to be selected at the board’s discretion, the option to substitute or exchange all or part of their variable cash remuneration for shares of the Company, based on an exchange equation that will be determined each year. In 2015 the exchange equation approved included a 25% bonus of the variable remuneration substituted.

**Beneficiaries:** The managers freely proposed by the board of directors. Executive directors are excluded from this scheme.

**Restrictions on shares delivered:** In general, the shares delivered may not be transferred, pledged or disposed of by any means (except in the case of mortis causa), nor may any purchase or other rights that limit ownership or lien be exercised thereon before 31 March of the third year following delivery to the beneficiary.

The own shares transferred to these beneficiaries will be subject to a repurchase right held by Acciona that may be exercised in the event that the beneficiary that acquired the shares terminates the professional relationship with Acciona or its Group, for reasons attributable to the beneficiary, before 31 March of the third year following the delivery.

The price of the Acciona shares used as reference for determining the exchange ratio will be the closing quoted price of the last trading day in March of the year in which the board of directors approves the option to replace the variable remuneration.

**D. Auditor**

The fees for audit and other services invoiced by KPMG Auditores, S.L., the auditor of the annual accounts of the Parent and other Grupo Corporación Acciona Windpower, S.L. companies, and the fees for services invoiced by other auditors of the annual accounts of consolidated Group companies, are as follows (in thousands of Euros):

	Services rendered by the main auditor		Services rendered by other audit firms	
	2015	2014	2015	2014
Audit services .....	174	50	66	39
Other services .....	—	2	—	10
<b>Total audit and related services .....</b>	<b>174</b>	<b>52</b>	<b>66</b>	<b>49</b>
Tax advisory services .....	14	8	197	12
Other services .....	9	1	—	18
<b>Total other professional services .....</b>	<b>23</b>	<b>9</b>	<b>197</b>	<b>30</b>

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Audit services detailed in the above table include the total fees for the audit of each year, irrespective of the date of invoice.

**26. Information on the Board of the Directors**

Based on the information available to the Company that has been declared by the joint directors and their related parties, at 31 December 2015 the joint directors and their related parties have had no direct or indirect conflicts of interest requiring disclosure in accordance with article 229 of Royal Legislative Decree 1/2010 of 2 July 2010, approving the Revised Spanish Companies Act.

**27. Proposed Application of Loss**

The proposed application of the 2015 loss of Corporación Acciona Windpower, S.L. to be submitted by the board of directors to the sole shareholder for approval is as follows (in thousands of Euros):

<b>Loss for the year</b> .....	<b>(19)</b>
Prior years' losses .....	<u>(19)</u>
<b>Total</b> .....	<u><b>19</b></u>

**28. Environmental Information**

The Group carries out various environmental activities and projects in accordance with the strategy set out by the Acciona Group and its environmental policy. Besides the costs initially incurred to install wind farms and other production facilities, the Group has not incurred costs associated with environmental issues in 2015 or 2014.

At 31 December 2015 and 2014 the Group has no significant litigation or contingencies related to the protection and improvement of the environment for which provision has not been made. The directors of the Parent do not consider that any additional environmental contingencies that could arise would be significant. In any case, there are no liabilities that could have a significant effect on these consolidated financial statements for which provision has not been made or which are not covered by the public liability insurance taken out by the Group companies.

**29. Average Supplier Payment Period**

The information required by the second final provision of Law 31/2014 of 3 December 2014 and prepared in accordance with Spanish Accounting and Auditing Institute Resolution of 29 January 2016 is provided below. This information refers solely to payments in Spain, the only jurisdiction to which this legislation applies:

<u>Average supplier payment period and Payments made and outstanding in Spain at the reporting date</u>	<u>2015</u>
	<u>Days</u>
Average supplier payment period .....	83
Transactions paid ratio .....	84
Transactions payable ratio .....	71
	<u>Amount</u>
	<u>(thousands of</u>
	<u>Euros)</u>
Total payments made .....	303,985
Total payments outstanding .....	44,441

As permitted by Spanish Accounting and Auditing Institute Resolution of 29 January 2016, no comparative information is presented for the first year of application of this obligation. These consolidated financial statements are considered to be the first financial statements for the sole purposes of the principal of consistency and the comparison requirements.

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Average supplier payment period is understood as the term from the date on which the goods are delivered or the services are provided by the supplier, until payment.

This average supplier payment period is calculated as the sum of the transactions paid ratio multiplied by the total amount of payments made, and the transactions payable ratio multiplied by the total amount payable, divided by the total amount of payments made and amounts payable.

The transactions paid ratio is calculated as the sum of the products of the amounts paid and the number of payment days (calendar days between the date on which the obligation was recognised and actual payment), divided by the total amount of payments made.

Similarly, the transactions payable ratio is calculated as the sum of the products of the amounts payable and the number of days for which they have been payable (calendar days between the date on which the obligation was recognised and the reporting date), divided by the total amount payable.

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**APPENDIX I**

**SUBSIDIARIES**

The subsidiaries of Corporación Acciona Windpower, S.L. are considered to be Group companies in accordance with IFRS. Details of consolidated companies at 31 December 2015 are as follows (in thousands of Euros):

<u>Company</u>	<u>Registered office</u>	<u>Principal activity</u>	<u>% nominal interest</u>	<u>Method of consolidation</u>	<u>Share capital</u>	<u>Profit/(loss)</u>
<b>SPANISH COMPANIES</b>						
Acciona Windpower, S.A. ....	Navarra	Manufacture of wind turbines	100.00	Fully consolidated	7,625	13,411
Acciona Windpower Internacional, S.L. ....	Navarra	Manufacture of wind turbines	100.00	Fully consolidated	6,553	(391)
Acciona Blades, S.A. ....	Navarra	Manufacture of wind turbines	100.00	Fully consolidated	2,136	121
Industria Toledana de Energías Renovables, S.L. ....	Toledo	Manufacture of wind turbines	100.00	Fully consolidated	350	(141)
Acciona Towers, S.L. ....	Madrid	Manufacture of wind turbines	100.00	Fully consolidated	580	(774)
<b>INTERNATIONAL COMPANIES</b>						
Acciona Windpower Oceanía, Pty Ltd. ....	Australia	Manufacture of wind turbines	100.00	Fully consolidated	—	(137)
Aciona Windpower Korea, Inc. ....	Korea	Manufacture of wind turbines	100.00	Fully consolidated	—	(100)
Acciona Windpower México, Srl de CV. ....	Mexico	Manufacture of wind turbines	100.00	Fully consolidated	—	11,782
Acciona Windpower Chile, S.A. ....	Chile	Manufacture of wind turbines	100.00	Fully consolidated	6	(441)
Shanghai Acciona Windpower Technical Service, Co Ltd. ....	China	Manufacture of wind turbines	100.00	Fully consolidated	180	(2)
Acciona Windpower Brasil, Ltda. ....	Brazil	Manufacture of wind turbines	100.00	Fully consolidated	51,570	(1,476)
Acciona Vjetroelektrane, d.o.o. ....	Croatia	Manufacture of wind turbines	100.00	Fully consolidated	3	466
Acciona Windpower South Africa Pty, Ltd. ....	South Africa	Manufacture of wind turbines	100.00	Fully consolidated	—	1,341
Acciona Windpower Rüzgar Enerjisi Sistemleri Anoni. ....	Turkey	Manufacture of wind turbines	100.00	Fully consolidated	17	(1,131)
Acciona Windpower North America L.L.C. ....	USA	Manufacture of wind turbines	100.00	Fully consolidated	1	20,153
Acciona Windpower India Private Limited. ....	India	Manufacture of wind turbines	100.00	Fully consolidated	1,901	(349)
Acciona Windpower Deutschland GmbH. ....	Germany	Manufacture of wind turbines	100.00	Fully consolidated	25	(86)



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The subsidiaries of Corporación Acciona Windpower, S.L. are defined in accordance with IFRS. Details of consolidated companies at 31 December 2014 are as follows (in thousands of Euros):

<u>Company</u>	<u>Registered office</u>	<u>Principal activity</u>	<u>% nominal interest</u>	<u>Method of consolidation</u>	<u>Share capital</u>	<u>Profit/(loss)</u>
<b>SPANISH COMPANIES</b>						
Acciona Windpower, S.A. . . . .	Navarra	Manufacture of wind turbines	100.00	Fully consolidated	2,000	(18,260)
Acciona Windpower Internacional, S.L. . . . .	Navarra	Manufacture of wind turbines	100.00	Fully consolidated	3	(28)
Acciona Blades, S.A. . . . .	Navarra	Manufacture of wind turbines	100.00	Fully consolidated	2,136	(372)
Industria Toledana de Energías Renovables, S.L. . . . .	Toledo	Manufacture of wind turbines	100.00	Fully consolidated	250	(175)
Acciona Towers, S.L. . . . .	Madrid	Manufacture of wind turbines	100.00	Fully consolidated	580	(127)
<b>INTERNATIONAL COMPANIES</b>						
Acciona Windpower Oceanía, Pty Ltd. . . . .	Australia	Manufacture of wind turbines	100.00	Fully consolidated	—	19
Acciona Windpower Korea, Inc. . . . .	Korea	Manufacture of wind turbines	100.00	Fully consolidated	250	1,350
Acciona Windpower México, Srl de CV. . . . .	Mexico	Manufacture of wind turbines	100.00	Fully consolidated	—	952
Acciona Windpower Chile, S.A. . . . .	Chile	Manufacture of wind turbines	100.00	Fully consolidated	6	436
Shanghai Acciona Windpower Technical Service, Co Ltd . . . . .	China	Manufacture of wind turbines	100.00	Fully consolidated	180	64
Acciona Windpower Brasil, Ltda . . . . .	Brazil	Manufacture of wind turbines	100.00	Fully consolidated	386	(4,992)
Acciona Vjetroelektrane, d.o.o. . . . .	Croatia	Manufacture of wind turbines	100.00	Fully consolidated	3	4
Acciona Windpower South Africa Pty, Ltd. . . . .	South Africa	Manufacture of wind turbines	100.00	Fully consolidated	—	2,724
Acciona Windpower Rüzgar Enerjisi Sistemleri Anoni . . . . .	Turkey	Manufacture of wind turbines	100.00	Fully consolidated	17	184
Acciona Windpower North America L.L.C. . . . .	USA	Manufacture of wind turbines	100.00	Fully consolidated	1	36,761
Anchor Wind, Llc . . . . .	USA	Energy sales	100.00	Fully consolidated	12,190	(57)

**CORPORACIÓN ACCIONA WINDPOWER, S.L. AND SUBSIDIARIES**  
(Consolidated Group)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

**APPENDIX II**

**CHANGES IN THE CONSOLIDATED GROUP**

Changes in the consolidated group in 2015 were as follows:

<u>Company</u>	<u>Registered office</u>	<u>Principal activity</u>	<u>Change</u>	<u>Consolidation method 2015</u>
Acciona Windpower India Private Limited .....	India	Manufacture of wind turbines	Addition due to incorporation	Fully consolidated
Acciona Windpower Deutschland GmbH .....	Germany	Manufacture of wind turbines	Addition due to incorporation	Fully consolidated
Anchor Wind, LLC .....	USA	Energy sales	Sale	Fully consolidated

Changes in the consolidated group in 2014 were as follows:

<u>Company</u>	<u>Registered office</u>	<u>Principal activity</u>	<u>Change</u>	<u>Consolidation method 2014</u>
Acciona Windpower Rüzgar Enerjisi Sistemleri Anoni .....	Turkey	Manufacture of wind turbines	Addition due to incorporation	Fully consolidated
Acciona Windpower North America L.L.C. ....	USA	Manufacture of wind turbines	Purchase	Fully consolidated
Anchor Wind, LLC .....	USA	Energy sales	Purchase	Fully consolidated

**APPENDIX III**

**DETAILS OF CONSOLIDATED RESERVES AND TRANSLATION DIFFERENCES**

(Amounts in thousands of Euros)

<u>Company</u>	<u>2015</u>		<u>2014</u>	
	<u>Consolidated reserves</u>	<u>Translation differences</u>	<u>Consolidated reserves</u>	<u>Translation differences</u>
Acciona Windpower, S.A. ....	(16,349)	(44)	1,829	(21)
Acciona Windpower Internacional, S.L. ....	(76)	—	(48)	—
Acciona Blades, S.A. ....	(24,123)	—	(23,751)	—
Industria Toledana de Energías Renovables, S.L. ....	(4,760)	—	(4,584)	—
Acciona Towers, S.L. ....	(15,029)	—	(14,902)	—
Acciona Windpower Oceanía, Pty Ltd. ....	(3,450)	(802)	(3,374)	(1,056)
Acciona Windpower Korea, Inc. ....	(225)	75	(1,582)	83
Acciona Windpower México, Srl de CV. ....	7,063	(971)	6,073	(211)
Acciona Windpower Chile, S.A. ....	1,807	(38)	1,371	3
Shanghai Acciona Windpower Technical Service Co Ltd ...	(70)	6	(134)	1
Acciona Windpower Brasil, Ltda .....	(46,124)	9,810	(41,132)	3,327
Acciona Vjetroelektrane, d.o.o. ....	287	(5)	288	—
Acciona Windpower South Africa Pty, Ltd. ....	2,651	(447)	(2)	113
Acciona Windpower Rüzgar Enerjisi Sistemleri Anoni .....	185	29	—	3
Acciona Windpower North America, L.L.C. ....	(389)	(540)	(10,498)	(25)
Acciona Windpower India Private Limited .....	—	51	—	—
Acciona Windpower Deutschland GmbH .....	—	—	(8,816)	(575)
<b>Total .....</b>	<b>(98,602)</b>	<b>7,124</b>	<b>(99,262)</b>	<b>1,642</b>

**CORPORACIÓN ACCIONA WINDPOWER, S.L. AND SUBSIDIARIES**  
**(Consolidated Group)**

**Notes to the consolidated financial statements for the year ended**  
**31 December 2015**

At their meeting on 24 February 2016, the joint directors of Corporación Acciona Windpower, S.L. prepared the consolidated financial statements for the year ended 31 December 2015:

Consolidated Statements of Financial Position: Page 1

Consolidated Income Statements: Page 2

Consolidated Statements of Comprehensive Income: Pages 3 and 4

Consolidated Statements of Changes in Equity: Page 5

Consolidated Statements of Cash Flows: Page 6

Explanatory Notes and Appendices: Pages 7 to 69

The joint directors of the Parent have signed the aforementioned documents, and this document which will be included as an Appendix to the consolidated financial statements for 2015 of Corporación Acciona Windpower, S.L. and Subsidiaries:

**NAME AND SIGNATURE**

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ACCIONA CORPORACIÓN, S.A. represented by  
Mr. Jose Julio Figueroa Gómez de Salazar

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ACCIONA DESARROLLO CORPORATIVO, S.A.  
represented by Mr. Rafael Mateo Alcalá

Independent Auditor's Report on the Consolidated Financial Statements

*(Translation from the original in Spanish. In the event of discrepancy,  
the Spanish-language version prevails.)*

To the Sole Shareholder of

Corporación Acciona Windpower, S.L., commissioned by the directors

We have audited the accompanying consolidated financial statements of Corporación Acciona Windpower, S.L. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position at December 31, 2015, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the explanatory consolidated notes.

*Directors' Responsibility for the Consolidated Financial Statements*

The Directors are responsible for the preparation of the accompanying consolidated financial statements in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of Corporación Acciona Windpower, S.L. and subsidiaries in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control that they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the accompanying consolidated financial statements based on our audit. We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements taken as a whole.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated equity and the consolidated financial position of Corporación Acciona Windpower, S.L. and subsidiaries at December 31, 2015, and of their consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and other provisions of the financial reporting framework applicable in Spain.

KPMG Auditores, S.L.

*(Signed on original in Spanish)*

Ana Melero Iriarte

March 22, 2016